Registered Number: 09109008

Remote Monitored Systems plc
Annual Report and Financial Statements
For the year ended 31 December 2019

CONTENTS

CHAIRMAN’S STATEMENT

2019 saw the disposal of the Geocurve business, slower than expected progress at GyroMetric and, on a more positive note, the acquisition of Cloudveil.

Geocurve Limited (“Geocurve”) experienced a slower than expected start to 2019, largely as a result of the need to dedicate more resources than expected to the Environment Agency's Thames Estuary Asset Management 2100 (TEAM2100) programme. Cost saving measures were implemented, followed by a joint venture intended to maximise utilisation and create a market leader in the acquisition and analysis of mobile mapping data. In December 2019 the Board concluded that the investment required to grow Geocurve to critical mass was not justified given increasingly intense competition in the surveying sector and after implementing further cost saving measures, we took the difficult decision to dispose of the business, being the last element of the former Strat Aero businesses. Following shareholder approval, the disposal was completed early in January 2020.

GyroMetric Systems Limited (“GyroMetric”), in which the Company owns a 58% interest, continued to make sales in its established marine drives market. GyroMetric had expected to conduct trials for two major wind turbine manufacturers, starting in June 2019, although progress on these projects has been significantly slower than expected as the priorities of these manufacturers changed. To reduce dependence on projects with long lead times, GyroMetric refocused its sales efforts to develop new markets where the lead times are expected to be shorter and the opportunities towards customers with more immediate returns. As a result GyroMetric announced contracts with several companies including Tarmac, and Clarke Energy and new products including a Universal Bearing Monitor, a Laser Sensor and the Absolute Dynamic Shaft Alignment (“ADSA”) system, which is the world’s first system capable of performing initial absolute alignment as well as continuous dynamic (ie whilst operating) monitoring of relative alignment of rotating machinery. The installations at Tarmac and Clarke Energy have been delayed due to the pandemic, but both will proceed as soon as planned maintenance windows arise at suitable client sites.

Cloudveil Limited (“Cloudveil”), an intelligence services and security risk management business, was acquired in September 2019, pursuant to its previously stated strategy to build upon the Group’s existing data analytics, remote monitoring and surveillance capabilities.

Cloudveil made an excellent start to 2020 but the inevitable delays and changes in scopes of work caused by the Coronavirus crisis and lockdown threatened to slow down progress. The company’s immediate response was to adapt IRIS, Cloudveil’s existing bespoke Management Information platform, to assist organisations to manage their immediate response to the global pandemic, as well as taking the right steps in the short, medium and long term. As a result, Cloudveil will be adding a Cyber Security Assessment package to its Management Information Software, Crisis Management and Security Testing services.

Cloudveil has seen an unprecedented level of enquiries for its services from blue chip companies, large educational establishments, sports clubs and public institutions in the UK and Europe. Cloudveil is engaged in at an advanced stage of negotiation of commercial terms with a number of these potential customers, and is forecasting significant growth, including through sales of IRIS, over the next eighteen months, including contracts expected to start in the forthcoming quarter.

Due to global economic uncertainty resulting from the COVID-19 crisis, forecasting the value and timing of future sales has been difficult and management has taken a prudent approach to impair the investment and goodwill resulting from the acquisition of Cloudveil in the year.

Financial Review

During the year ended 31 December 2019 the Group recorded revenues on continuing operations of £52,648 compared with £nil for the year ended 31 December 2018. The operating loss on continuing operations before goodwill impairment for the year was £582,736 (2018: £667,765). Administrative expenses on continuing operations before goodwill impairment amounted to £615,540 (2018: £665,343). The loss after tax on continuing operations for the year was £592,290 (2018: £775,477). The loss per share on continuing operations was 0.13 pence (2018: loss per share of 0.24 pence).

CHAIRMAN'S STATEMENT (continued)

- Consolidated net assets attributable to the owners of the parent at 31 December 2019 amounted to £28,795 (31 December 2018: assets £668,109).
- Cash balances at the year end amounted to £74,770 (2018: £109,381).
- During the year the Company raised £591,484 net of costs through the issue of new shares, as well as £100,000 through the issue of convertible loan notes.

Following the year end, the Group raised £350,000 to support the growth of the Group's core areas of business and to provide working capital. A total of 140,000,000 ordinary shares of 0.2p nominal value each were placed with investors at 0.25p per share. A further 20,400,000 shares were issued to an adviser in lieu of £51,000 of fees.

Acknowledgments
On behalf of the Board, I would like to extend our thanks to our business partners, customers, employees and shareholders for their continued support throughout the period.

Nigel Burton
Chairman

Dated 27 June 2020

STRATEGIC REPORT

The Directors present their Strategic Report on the Group for the year ended 31 December 2019.

Principal activities and business review

The principal activity of Remote Monitored Systems plc (the "Company") and its subsidiaries (together the "Group") was the provision of specialist surveys and inspections, the development and manufacture of digital monitoring and safeguarding systems for rotating shafts, security and risk management consultancy and related software and services.

After the year end the members approved the disposal of the Group's specialist survey and inspection division (Geocurve) which enabled the Group to focus on its development and manufacture of digital monitoring and safeguarding systems for rotating shafts (GyroMetric division) and security and risk management consultancy and related software and services (Cloudveil division). More details are set out in the Chairman's Statement. Prior year figures have been restated to reflect the discontinued operations of Geocurve.

The year under review represents the seventh year of trading for the Group. During 2019 the Group sought to grow via existing business development and through the acquisition of Cloudveil Limited.

Financial review

The Group recorded revenues from continuing operations of £52,648 (2018: £nil). The loss for the year from continuing operations after taxation was £592,290 (2018: £775,477).

Administrative expenses from continuing operations amounted to £615,540 (2018: £665,343); a large portion of these costs comprised of wages and salaries, consultancy and professional fees.

Consolidated net liabilities at 31 December 2019 amounted to £19,250 (2018: net assets £690,337). Cash balances at the year end amounted to £74,770 (2018: £109,381).

Following the year end, the Group has secured additional finance to facilitate its development; see Chairman's Statement for more details. Further details can also be found in Note 33 of the Financial Statements.

Key performance indicators

	Year ended 31 December 2019	Year ended 31 December 2018
	£	£
Revenue from continuing operations	**52,648**	-
Administrative expenses from continuing operations	**615,540**	665,343
Loss after tax for the year from continuing operations	**592,290**	775,477
Earnings per share (pence) from continuing operations - loss	**(0.13)**	(0.24)
Net (liabilities)/assets	**(19,250)**	690,337
Cash and cash equivalents	**74,770**	109,381

Current trading and future developments

The Group continues to make progress across all elements of its business.

Principal risks and uncertainties

There are risks associated with the Group's business. The Board regularly reviews the risks to which the Group is exposed and has in place a strategy to mitigate these risks as far as possible. The following summary, which is not exhaustive, outlines some of the key risks and uncertainties facing the Group at its present stage of development.

STRATEGIC REPORT (continued)

The Directors have considered the impact of the Covid-19 pandemic on the business. Although in the longer term it can be expected that the impact will lead to greater demand for remote monitoring systems such as those developed by GyroMetric, in the short term the impact has been negative as the majority of both our own staff and our customers have been in lockdown, resulting in delays in installation and commissioning of systems. Cloudveil has seen an unprecedented level of enquiries since the outbreak of Covid-19, however it has also suffered delays in converting sales leads into contracts during lockdown. As the restrictions continue to be eased in the UK and most of Europe, Cloudveil is expected to make progress towards closing a number of contracts.

Operating risks
The responsibility of overseeing the day-to-day operations and the strategic management of the Group depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Group if one or more of these employees cease their employment.

The Group’s business planning is carried out on the basis of expected future work. The Group is reliant upon securing new contracts. There is a risk that expected contracts will not be won. The directors mitigate this risk by monitoring the pipeline of future contracts. There is significant risk regarding new contracts with the ongoing restrictions due to Covid-19. Management is closely monitoring the situation.

The operations of the Group may be affected by various factors, including operational and technical difficulties; difficulties in commissioning and operating plant and equipment; equipment failure or breakdown and adverse weather conditions which may impact surveying operations.

Financial risk factors
The Group’s activities expose it to a variety of financial risks: credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

Credit risk
Credit risk arises from outstanding receivables. Management does not expect any losses from non-performance of these receivables.

Liquidity risk
In keeping with similar sized companies, the Group’s continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. At the date of this report the Group has net cash of approximately £266,000 and therefore the Directors expect to seek to raise additional funding by the end of the calendar year. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

Capital risk management
The Group’s objectives when managing capital are to safeguard the Group’s and Company’s ability to continue as a going concern, in order to enable the Group and Company to continue its activities and bring its products to market. The Company defines capital based on the total equity of the Company. The Company monitors its level of cash resources available against future planned activities and may issue new shares in order to raise further funds from time to time.

Section 172 statement
The Directors believe that they have effectively implemented their duties under section 172 of the Companies Act 2006 through adherence to the Quoted Companies Alliance Corporate Governance Code, as detailed on page 11 and as published on our website. The Chairman’s Statement details the Group’s future plans to achieve its long term strategy.

The Group is committed to maintaining an excellent reputation and strive for high standards, while maintaining an awareness of the environmental impact of the work that they do and strive to reduce their carbon footprint.

STRATEGIC REPORT (continued)

The Directors recognise the importance of wider stakeholders in delivering their strategy and achieving sustainability within the business; in ensuring that all our stakeholders are considered as part of every decision process we believe we act fairly between all members of the Company.

This Strategic Report was approved by the Board of Directors and authorised for issue on 27 June 2020 by:

Nigel B

Nigel Burton
Chairman and Non-Executive Director

DIRECTORS' REPORT

The Directors present their Report together with the audited Financial Statements for the year ended 31 December 2019.

General information

The principal activity of Remote Monitored Systems plc (the "Company") and its subsidiaries (together the "Group") was the provision of specialist surveys and inspections, developing and manufacturing digital monitoring and safeguarding systems for rotating shafts, security and risk management consultancy and related software and services.

During the year the Group reached agreement to sell its specialist survey and inspection division. The sale was completed in January 2020.

Dividends

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

Directors' indemnities

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Directors' interests

The Directors who held office in the year and up to the date of approval of these Financial Statements and their beneficial interests in the Company's issued share capital at the beginning and end of the accounting year were:

	Ordinary Shares Interest at 31 December 2019 No.	Ordinary Shares Interest at 31 December 2018 No.	Warrants Interest at 31 December 2019 No.	Warrants Interest at 31 December 2018 No.
Paul Ryan [1]	44,794,270	16,963,388	5,500,000	5,500,000
Trevor Brown	109,637,590	42,857,143	-	-
Nigel Burton	26,098,901	10,714,286	-	-

1. Shares held by Warande1970 BVBA, a company controlled by Mr Ryan

Major shareholdings

The closing mid-market price of the Company's Ordinary 0.2p Shares at 31 December 2019 was 0.33p. Shareholders holding more than 3% of the Company's shares at the date of this report were:

	Ordinary shares	%
Trevor Brown	119,637,590	18.10
Stephen Jones	67,806,004	10.26
Paul Ryan	54,794,270	8.29
Nigel Burton	26,098,901	3.95

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 20. Since 31 December 2019 the Company has raised additional capital as set out below. Further information is set out in note 30 to the Financial Statements.

DIRECTORS' REPORT (continued)

The holders of Ordinary Shares are entitled to receive notice of, and to attend and vote at, any General Meeting of the Company. Every member present at such a meeting shall, upon a show of hands, have one vote. Upon a poll, holders of all shares shall have one vote for every share held. All Ordinary Shares are entitled to participate in any distributions of the Company's profits or assets. There are no restrictions on the transfer of the Company's Ordinary Shares. Remote Monitored Systems plc's ordinary 0.2p shares are traded solely on the AIM market.

The Company also has Deferred Shares in issue, the holders of which are not entitled to vote at General Meetings and have no entitlement to distributions.

Going concern
The Financial Statements have been prepared assuming the Group and Company will continue as a going concern.

The operational requirements of the Group comprise of maintaining a Head Office in the UK alongside its UK operations. The Directors have reviewed the Group's working capital forecasts, as stated in the Strategic Report. In line with the agreed plan and budget, GyroMetric requires additional investment to achieve sales growth.

At the date of this report the Group had net cash of approximately £266,000 and therefore the Directors expect to seek to raise additional funding by the end of the calendar year. The ability of the Company to raise additional funds is dependent upon investor appetite and, if necessary, the Directors' ability to obtain alternative sources of funding.

The Directors have a reasonable expectation that the Company will be able to raise sufficient funding to allow it to cover its working capital for a period of twelve months from the date of approval of the financial statements. It is for this reason they continue to adopt the going concern basis of accounting in preparing the financial statements Note 2(b). The Auditors make reference to going concern by way of a material uncertainty within the financial statements.

Matters covered in the Strategic Report
The Business Review, results, review of KPIs and details of future developments are included in the Strategic Report and Chairman's Statement.

Events after the reporting year
Events after the reporting period are set out in Note 33 to the Financial Statements.

EU Referendum
The main trading entities operate in the UK and Europe. It is not yet clear what impact the UK leaving the EU may have on the Group. A small proportion of GyroMetric's sales leads are in Continental Europe. The hesitancy of some customers to spend money has had an impact on the growth of GyroMetric. The Directors will continue to monitor the situation closely and act accordingly.

Disclosure of information to auditor
Each of the persons who is a Director at the date of approval of this annual report confirms that:

i) so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
ii) the Directors have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIRECTORS' REPORT (continued)

Independent auditor
The auditor, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006 at the annual general meeting.

By Order of the Board

Nigel Burton
Chairman and Non-Executive Director
27 June 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the Parent Company and of the profit or loss of the Group and Parent Company for that year.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

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 the Parent Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Parent Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Company is compliant with the AIM Rule 26 regarding the Company's website.

By Order of the Board

Nigel B

Nigel Burton
Chairman and Non-Executive Director
27 June 2020

CORPORATE GOVERNANCE STATEMENT

From 28 September 2018 as an AIM company, the Company has been required to maintain on its website details of a recognised corporate governance code, how the Company complies with this code and an explanation of any departure from the code. The information needs to be reviewed annually and the website should include the date on which the information was last reviewed. This review has been undertaken during the process of preparing the Annual Report and Financial Statements. The Directors set out below RMS's Corporate Governance Report.

The Directors recognise the importance of sound corporate governance. As a company whose shares are traded on AIM, the Board seeks to comply with the Quoted Companies Alliance Corporate Governance Code ("the QCA Code"). In addition, the Directors have adopted a code of conduct for dealings in the shares of the Company by directors and employees and are committed to maintaining the highest standards of corporate governance. Paul Ryan, in his capacity as Non-Executive Director, has assumed responsibility for ensuring that the Company has appropriate corporate governance standards in place and that these requirements are followed and applied within the Company as a whole. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company successfully to achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

There were no key governance related matters that occurred during the financial year ended 31 December 2019.

Corporate Governance Report

The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles:

Principle One
Business Model and Strategy
The Board has concluded that the highest medium and long term value can be delivered to its shareholders by the adoption of a single strategy for the Company. The Company's interests in GyroMetric and Cloudveil are active and strategic investments and these are both companies where the Company continues to hold significant stakes, where we remain actively involved with the development of the company with the Company being represented on the board of the entities and where we believe that the returns that are possible are material. The Company will continue to seek to grow both businesses organically and will seek out further complementary acquisitions that create enhanced value.

Principle Two
Understanding Shareholder Needs and Expectations
The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting wherever possible. Investors also have access to current information on the Company though its website, www.remotemonitoredsystems.com, and via Trevor Brown, CEO who is available to answer investor relations enquiries.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle Three
Considering wider stakeholder and social responsibilities
The Board recognises that the long-term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. For example, all employees of the Company participate in a structured Company-wide annual assessment process which is designed to ensure that there is an open and confidential dialogue with each person in the Company to help ensure successful twoway communication with agreement on goals, targets and aspirations of the employee and the Company. These feedback processes help to ensure that the Company can respond to new issues and opportunities that arise to further the success of employees and the Company. The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

Principle Four
Risk Management
In addition to its other roles and responsibilities, the Audit and Compliance Committee is responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out those risks, and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit and Compliance Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks and controls to mitigate them, have been identified:

Activity	Risk	Impact	Controls
Management	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment Balancing salary with longer term incentive plans
Regulatory adherence	Breach of rules	Censure or withdrawal of authorisation	Strong compliance regime instilled at all levels of the Company
Strategic	Damage to reputation	Inability to secure new capital or clients	Effective communications with shareholders coupled with consistent messaging to our customers
	Inadequate disaster recovery procedures	Loss of key operational and financial data	Robust compliance Secure off-site storage of data
Financial	Liquidity, market and credit risk	Inability to continue as going concern Reduction in asset values	Robust capital management policies and procedures
	Inappropriate controls and accounting policies	Incorrect reporting of assets	Appropriate authority and investment levels as set by Treasury and Investment Policies Audit and Compliance Committee

CORPORATE GOVERNANCE STATEMENT (continued)

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function. The Board works closely with and has regular ongoing dialogue with the Company financial controller and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

Principle Five

A Well Functioning Board of Directors

As at the date hereof the Board comprised, the CEO Trevor Brown, and two Non-Executive Directors, Dr Nigel Burton and Paul Ryan. Biographical details of the current Directors are set out within Principle Six below. Executive and Non-Executive Directors are subject to re-election at intervals of no more than three years. The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours. All the Directors including the Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required.

The Board meets at least eight times per annum. It has established an Audit and Compliance Committee and a Remuneration Committee, particulars of which appear hereafter. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. The Board considers that this is appropriate given the Company's current stage of operations. It shall continue to monitor the need to match resources to its operational performance and costs and the matter will be kept under review going forward. The Board notes that the QCA recommends a balance between executive and non-executive Directors and recommends that there be two independent non-executives. Paul Ryan and Nigel Burton are considered to be Independent Directors. The Board shall review further appointments as scale and complexity grows.

The Directors are of a view that the Company does not currently require a separate CFO to be appointed to the board due to the current scale of operations and financial experience of the directors. In particular the Company's non-executive Chairman, Nigel Burton, has significant experience as Chief Financial Officer to a number of private and public companies. The Company's outsourced Financial Control function reports to the board. As the Company grows and develops the board will periodically review its corporate governance framework to ensure it remains appropriate for the size, complexity and risk profile of the Company.

Attendance at Board and Committee Meetings

The Company shall report annually on the number of Board and committee meetings held during the year and the attendance record of individual Directors. To date in the current financial year the Directors have a 100% record of attendance at such meetings. In order to be efficient, the Directors meet formally and informally both in person and by telephone. During the year there were 8 Board meetings, with all directors being present at all meetings. The volume and frequency of such meetings is expected to continue at a similar rate. The Audit and Compliance Committee met three times and the Remuneration Committee, met twice, in each case with all members present.

Principle Six

Appropriate Skills and Experience of the Directors

The Board currently consists of three Directors and, in addition, the Company has contracted the outsourced services of MSP Secretaries Limited to act as the Company Secretary. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and each of the Directors has experience in public markets. As demonstrated below in the descriptions of each Director, the Board has the necessary commercial, financial and legal skills required for the effective leadership of the Group.

The Board recognises that it currently has a limited diversity, and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional directors are required.

Each Director undertakes a mixture of formal and informal continuing professional development as necessary to ensure that their skills remain current and relevant to the needs of the Group.

CORPORATE GOVERNANCE STATEMENT (continued)

Trevor E Brown MBA
Chief Executive Officer
Trevor has acted as a CEO, executive director and non-executive director for a wide range of companies in a range of sectors over 50 years. This has provided him with a vast amount of experience through the many long term economic and corporate life cycles that mean he is highly qualified to assess the opportunities and risks for both the Company and its portfolio of investee companies. This wide-ranging experience is kept up to date through his continued participation in a variety of businesses where the Company has a holding and in other companies that are unconnected to the Company. Trevor is also a member of the Company's Remuneration Committee. Trevor is also currently Chief Executive Officer of IQAI plc and Braveheart Investment Group plc. Trevor joined the Board as an Executive Director in December 2017.

Dr Nigel Burton
Chairman and Non-Executive Director
Dr Nigel Burton has over 30 years' experience in operational and financial management, debt and equity financing, acquisition and integration of businesses, disposals, IPOs and trade sales.

Following over 14 years as an investment banker at leading City institutions including UBS Warburg and Deutsche Bank, including as the Managing Director responsible for the energy and utilities industries, Nigel has spent 15 years as Chief Financial Officer or Chief Executive Officer of a number of private and public companies. Since 2017 he has focused on company turnarounds, including two RTOs on AIM. Nigel is currently Non-Executive Chairman of Remote Monitored Systems plc and Mobile Streams plc and a Non-Executive Director of Digitalbox plc, Regency Mines plc, eEnergy Group plc, and Modern Water Group plc, all of which are listed on AIM.

Nigel is a Chartered Electrical Engineer and a Past President of the Institution of Engineering and Technology. He has a B.Sc. (First Class Hons) in Electrical and Electronic Engineering and a Ph.D in Acoustic Imaging from University College London.

Mr Paul Ryan
Independent Non-Executive Director
Mr Ryan has over 20 years' experience at board level largely in the telecoms and ICT sectors. From 2002 to 2013, he held a variety of board positions with leading mobile operator Vodafone and its operating subsidiaries, including Head of Strategy, Regulatory and Political Affairs in Brussels and Director of Strategy and External Affairs for Vodafone Ireland and Vodafone Ghana. Prior to this, he worked as a management consultant in the European telecoms sector, served as a strategic adviser at Ofcom, the UK's communications industry regulator, and was a solicitor at leading international City law firm Ashurst. Mr Ryan acts as an adviser, primarily on strategy, regulation and public policy, to a range of clients including FTSE100 and Fortune 500 companies largely in the ICT space. Mr Ryan has an LLB from Trinity College, Dublin, Ireland and qualified as a solicitor in the UK.

Dr. Burton and Mr. Ryan are considered to be independent directors of the Company, notwithstanding their significant shareholdings in the Company. In coming to this conclusion, the board has taken a number of matters into consideration including:

- the relative materiality of their shareholdings;
- the absence of previous employment or material business relationships with the Company;
- that neither is party to any performance related share schemes;
- service length with the Company; and
- the absence of close family ties with any of the company's advisers, directors or senior employees save that Dr. Burton previously held one cross directorship with Mr. Brown

Principle Seven
Evaluation of Board Performance
The Board has undertaken an internal review of the Board, the Committees and individual Directors, in the form of peer appraisal and discussions, to determine their effectiveness and performance as well as the Directors' continued independence.

CORPORATE GOVERNANCE STATEMENT (continued)

The evaluation concluded that the Board demonstrates the appropriate level of skills, knowledge and performance for the size and nature of the Group. The Directors will continue to review the need to strengthen the Board as the Group develops.

Principle Eight
Corporate Culture
The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. There is frequent dialogue between the Directors and senior management each division. The Board monitors the corporate culture through a mix of formal and informal feedback, based on which the Board is confident that a healthy culture consistent with the principles adopted exists.

The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

Principle Nine
Maintenance of Governance Structures and Processes
Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Chief Executive Officer arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer.

Audit and Compliance Committee
During the financial year ended 31 December 2019 the Audit and Compliance Committee was chaired by Paul Ryan with Dr Nigel Burton as a member. This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit and Compliance Committee shall meet not less than twice in each financial year and it has unrestricted access to the Company's auditors.

Remuneration Committee
The Remuneration Committee comprises Paul Ryan and Nigel Burton, and Paul Ryan chairs this committee. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

Nominations Committee
The Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

CORPORATE GOVERNANCE STATEMENT (continued)

Non-Executive Directors
The Board has adopted guidelines for the appointment of Non-Executive Directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Chairman and non-executive directors insofar as both the Chairman and non-executive directors will be appointed for an initial term of three years and may, at the Board's discretion believing it to be in the best interests of the Company, be appointed for subsequent terms. The Chairman may serve as a Non-Executive Director before commencing a first term as Chairman.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Principle Ten
Shareholder Communication
The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company responds to all shareholders who contact the Directors, and as a result has positive ongoing relationships with a wide range of shareholders. All shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. The Company also provides shareholder updates whenever appropriate using both regulatory and other channels including video interviews on Proactive Investors. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting where possible.

Investors also have access to current information on the Company though its website, www.remotemonitoredsystems.com, and via Trevor Brown, CEO, who is available to answer investor relations enquiries.

The Company agreed in 2018 to move to electronic communications with shareholders in order to maximise efficiency. Paper communications will be maintained for the small number of shareholders who have specifically requested this.

The Company includes, when relevant, in its annual report, any matters of note arising from the audit or remuneration committees.

P Ryan

Paul Ryan
Non-Executive Director
27 June 2020

AUDIT COMMITTEE REPORT

An important part of the role of the Audit Committee is its responsibility for reviewing the effectiveness of the Group's financial reporting, internal control policies, and procedures for the identification, assessment and reporting of risk. The Committee devotes significant time to their review and further information on the risk management and internal control systems is provided within the Strategic Report.

A key governance requirement of the Group's financial statements is for the report and accounts to be fair, balanced and understandable. The coordination and review of the Group wide input into the Annual Report and Accounts is a sizeable exercise performed within an exacting time frame. It runs alongside the formal audit process undertaken by external Auditors and is designed to arrive at a position where initially the Audit Committee, and then the Board, is satisfied with the overall fairness, balance and clarity of the document and is underpinned by the following:

- detailed guidance issued to contributors at operational levels;
- a verification process dealing with the factual content of the reports;
- thorough review undertaken at different levels that aims to ensure consistency and overall balance; and
- comprehensive review by the senior management team.

An essential part of the integrity of the financial statements are the key assumptions and estimates or judgements that have to be made. The Committee reviews key judgements prior to publication of the financial statements at the full and half year, as well as considering significant issues throughout the year. In particular, this includes reviewing any materially subjective assumptions within the Group's activities. The Committee reviewed and was satisfied that the judgements exercised by management on material items contained within the Annual Report were reasonable.

The Committee also considered management's assessment of going concern with respect to the Group's cash position and its commitments for the next 12 months. In this respect, the Committee refers to the Going concern section in the Directors' Report.

The Audit Committee has considered the Group's internal control and risk management policies and systems, their effectiveness and the requirements for an internal audit function in the context of the Group's overall risk management system. The Committee is satisfied that the Group does not currently require an internal audit function.

The Committee has recommended to the Board that shareholders support the re-appointment of the Auditors at the 2020 AGM.

P Ryan

Paul Ryan
Chairman of the Audit Committee
27 June 2020

REMUNERATION COMMITTEE REPORT

The Remuneration Committee ("Committee") convened twice during the year and has been engaged on all matters of corporate remuneration. Over the past year, the Committee has considered the following matters:

- Director remuneration;
- Senior Management remuneration and incentives including options

In order to conserve the Company's working capital, the Directors have taken a portion of their remuneration in shares and/or deferred payment of their remuneration.

Shares were awarded to a number of senior employees in December 2019.

The Committee, when reviewing remuneration, consider matters of retention, motivation, the economic climate, and the challenges facing the business and the wider sector; they also consider appropriate industry benchmarks. The annual remuneration for the Directors is noted in the Financial Statements.

P Ryan

Paul Ryan
Chairman of the Remuneration Committee
27 June 2020

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REMOTE MONITORED SYSTEMS PLC

Opinion

We have audited the financial statements of Remote Monitored Systems plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- 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 December 2019 and of the group's and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty in relation to going concern

We draw attention to note 2(b) in the financial statements, which indicates that the group incurred a net loss of £1,946,341 during the year ended 31 December 2019 and at that date, the group held net liabilities of £344,062.

The financial statements have been prepared on the going concern basis, which depends on the timing of future fund raises and the group's ability to raise additional funds. As stated, these events or conditions, along with other matters as set forth in note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the group's and company's ability to continue as a going concern.
Our opinion is not modified in respect of this matter.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. Materiality for the consolidated financial statements was set at £28,000 based on the group profit before tax, adjusted to remove impairment losses which were deemed to be judgemental and could skew the materiality level for the year. Materiality for the parent company financial statements was set at £16,000, with the same benchmark being used.

Loss before tax was considered to be a key benchmark as the most significant balances for the group are the income and expenses arising in the ordinary course of business, the acquisition of new targets and the closure of Geocurve. As such, loss before tax was deemed to be the most suitable benchmark for calculating materiality. In the prior year, materiality was based on gross assets. During the year, the group disposed of a significant section of its business and impaired the intangible assets in respect of the closed business and its other goodwill. As such, gross assets were not deemed to be an appropriate benchmark this year.

An overview of the scope of our audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. 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. The company and group finance function operates from one location in the United Kingdom. Geocurve Limited was deemed to be a significant component and a full scope audit was performed on this entity. All other entities were deemed to be immaterial.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our 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) we identified, 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 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the key audit matter
Impairment of Intangible assets (note 14)	
The Group carries a material amount of intangible assets (£324,812) that have arisen from business combinations. **There is a risk that the intangible assets are impaired and are overstated within the financial statements.**	Our work included but was not restricted to: ▪ Reviewing and challenging management's value in use calculations including the rationale behind any inputs used; ▪ Considering management's strategy including all notifications made to the market concerning business lines that have been discontinued; ▪ Discussing and challenging the basis of key assumptions with management, in particular, regarding revenue, margins and cashflow forecasts; ▪ Considering internal and external impairment indicators; and ▪ Assessed the accuracy of managed budgets and forecasts used in prior calculations. In forming our opinion on the financial statements, which is not modified, we draw to the user's attention the disclosure within note 14 and

	within the Critical Accounting Estimates and Judgements which states that the investment in GyroMetric is held at a carrying value of £324,812. The valuation is based on a forecast NPV which contains a number of assumptions over future contracts with customers, which indicates the existence of a material uncertainty. The financial statements do not include the adjustments that would result if the Group was unable to fully recover the carrying value of the goodwill arising from the acquisition of GyroMetric.
Valuation and impairment of investments (note 16)	
The carrying value of investments in subsidiaries was (£653,601) in the parent company financial statements. **The recoverability value of the investments is reliant upon the subsidiary undertakings being able to generate sufficient returns from their activities to support their carrying value. As such, there is a risk that any impairment of these investments could materially misstate the financial statements.**	Our work included but was not restricted to: ▪ Verifying the ownership of investments held; ▪ Discussing with management the basis for impairment or non-impairment, including consideration of business strategy for the subsidiaries, and challenging any assumptions made thereon; ▪ Obtaining management prepared value-in-use calculations for subsidiaries and assessing the mathematical accuracy of the calculations and the reasonableness of all key inputs used; and ▪ Reviewing the impairment indicators per IFRS and assessing how management applied this to the investments held. In forming our opinion on the financial statements, which is not modified, we draw to the user's attention the disclosure within note 16 which states that the investment in GyroMetric is held at a carrying value of £384,601. The Company also has an outstanding loan due from GyroMetric of £110,600. The valuation of the investment is based on a forecast NPV which contains a number of assumptions over future contracts with customers, which indicates the existence of a material uncertainty. The financial statements do not include the adjustments that would result if the Company was unable to fully recover the carrying value of the investment in and inter-company loan due from GyroMetric.
The acquisition of Cloudveil Limited ("Cloudveil") (note 17)	
During the year, the Company acquired Cloudveil through the agreement of a share exchange. **There is the risk that the acquisition has not been accounted for correctly in line with IFRS 3 and the required disclosures have not been made within the financial statements.**	Our work included; ▪ Verification of ownership and confirmation of control being obtained; ▪ Obtaining management's calculation of the fair value of net assets at acquisition and challenging management's assumptions and judgements thereon;

There is also the risk that any intangible assets arising on acquisition have not been correctly identified.	▪ Reviewing and challenging management's calculation of goodwill and any Intangible Assets arising on acquisition to ensure they meet the requirements of IFRS 3; and ▪ Reviewing the disclosures made in the financial statements and ensuring they meet the requirement of IFRS 3.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company 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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor's report.

Use of our report

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

Zahir Khaki

Zahir Khaki (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

27 June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Note	Year ended 2019 £	Year ended 2018 £
Revenue from contracts with customers	5	**52,648**	-
Cost of sales		**(26,582)**	-
Gross profit		**26,066**	-
Administrative expenses	6	**(615,540)**	(665,343)
(Loss)/gain on foreign exchange		**6,738**	(2,422)
Impairments		**(125,983)**	-
Operating loss		**(708,719)**	(667,765)
Finance costs	10	**(3,295)**	(3,871)
Finance income		**72**	4
Loss on change of ownership interests		**-**	(42,273)
Loss before income tax		**(711,942)**	(713,905)
Income tax	11	**119,652**	(61,572)
Loss for the year from continuing operations		**(592,290)**	(775,477)
Loss for the year from discontinued operations	12	**(1,029,239)**	(325,703)
Loss for the year		**(1,621,529)**	(1,101,180)
Other Comprehensive Income			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		**-**	47,547
Total comprehensive income for the year, net of tax		**(1,621,529)**	(1,053,633)
Loss attributable to:			
Equity holders of the parent		**(1,551,256)**	(1,062,433)
Non-controlling interests		**(70,273)**	(38,747)
Total comprehensive income attributable to:			
Equity holders of the parent		**(1,551,256)**	(1,014,886)
Non-controlling interests		**(70,273)**	(38,747)
Earnings per ordinary share attributable to owners of the parent during the year (expressed in pence per share)	13		
Basic and diluted – continuing operations		**(0.13)**	(0.24)
Basic and diluted – discontinued operations		**(0.25)**	(0.11)
Basic and diluted – total		**(0.38)**	(0.35)

The loss for the financial year dealt with in the financial statements of the Parent Company, Remote Monitored Systems plc, was £2,348,306 (2018: loss of £830,171). As permitted by Section 408 of the Companies Act 2006, no separate statement of comprehensive income is presented in respect of the Parent Company.

The notes on pages 30 to 60 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	2019 £	2018 £
Non-current assets			
Intangible assets	14	**378,345**	822,765
Property, plant and equipment	15	**10,978**	504,488
Total non-current assets		**389,323**	1,327,253
Current Assets			
Trade and other receivables	18	**66,090**	254,531
Corporation tax		-	300
Inventories		**14,589**	18,090
Assets classified as held for sale	12	**160,275**	-
Cash and cash equivalents	19	**74,770**	109,381
Total current assets		**315,724**	382,302
TOTAL ASSETS		**705,047**	1,709,555
Equity attributable to owners of the parent			
Share capital	20	**5,128,124**	4,791,747
Share premium	20	**6,822,694**	6,330,629
Convertible loan stock	22	**103,000**	-
Other reserves	23	**(475,153)**	(298,454)
Translation reserve		**92,181**	92,181
Retained loss		**(11,642,051)**	(10,247,994)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**28,795**	668,109
Non-controlling interests	24	**(48,045)**	22,228
TOTAL EQUITY		**(19,250)**	690,337
Current liabilities			
Trade and other payables	25	**375,822**	404,262
Social security and other taxes		**200,775**	235,650
Lease liabilities	26	**29,500**	-
Obligations under finance leases	26	**60,825**	166,666
Total current liabilities		**666,922**	806,578
Non-current liabilities			
Other payables		**-**	6,312
Lease liabilities	26	**36,875**	-
Provisions	27	**20,500**	-
Deferred tax liabilities	28	**-**	206,328
Total non-current liabilities		**57,375**	212,640
TOTAL LIABILITIES		**724,297**	1,019,218
TOTAL EQUITY AND LIABILTIES		**705,047**	1,709,555

The notes on pages 30 to 60 form part of these Financial Statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 27 June 2020 and were signed on its behalf by:

Nigel B

Nigel Burton
Non-Executive Director

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2019
Company number: 09109008

	Note	2019 £	2018 £
Non-current assets			
Property, plant and equipment	15	**7,975**	12,325
Investment in subsidiary undertakings	16	**384,601**	1,289,509
Trade and other receivables	18	**118,040**	610,423
Total non-current assets		**510,616**	1,912,257
Current Assets			
Trade and other receivables	18	**16,427**	33,486
Cash and cash equivalents	19	**4,784**	11,378
Total current assets		**21,211**	44,864
TOTAL ASSETS		**531,827**	1,957,121
Equity attributable to shareholders			
Share capital	20	**5,128,124**	4,791,747
Share premium	20	**6,822,694**	6,330,629
Convertible loan stock	22	**103,000**	-
Other reserves	23	**24,846**	201,545
Retained loss		**(11,715,744)**	(9,524,637)
TOTAL EQUITY		**362,920**	1,799,284
Current liabilities			
Trade and other payables	25	**168,907**	157,837
Total current liabilities		**168,907**	157,837
TOTAL LIABILITIES		**168,907**	157,837
TOTAL EQUITY AND LIABILITIES		**531,827**	1,957,121

The notes on pages 30 to 60 form part of these Financial Statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 27 June 2020 and were signed on its behalf by:

Nigel B

Nigel Burton
Non-Executive Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 December 2019

	Share capital £	Share Premium £	Convertible loan stock £	Other reserves £	Translation reserve £	Retained loss £	Total £	Non-controlling interests £	Total Equity £
As at 1 January 2018	**4,512,087**	**5,583,109**	**-**	**(253,109)**	**44,634**	**(9,250,406)**	**636,315**	**-**	**636,315**
Loss for the year	-	-	-	-	-	(1,062,433)	(1,062,433)	(38,747)	(1,101,180)
Other comprehensive income for the year									
Currency translation difference	-	-	-	-	47,547	-	47,547		47,547
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**47,547**	**(1,062,433)**	**(1,014,886)**	**(38,747)**	**(1,053,633)**
Proceeds from shares issued (net of costs)	279,660	747,520	-	-	-	-	1,027,180	-	1,027,180
Acquisition	-	-	-	-	-	-	-	60,975	60,975
Share based payments issued	-	-	-	19,500	-	-	19,500	-	19,500
Share based payments expired	-	-	-	(64,845)	-	64,845	-	-	-
Transactions with owners, recognised directly in equity	**279,660**	**747,520**	**-**	**(45,345)**	**-**	**64,845**	**1,046,680**	**60,975**	**1,107,655**
As at 31 December 2018	**4,791,747**	**6,330,629**	**-**	**(298,454)**	**92,181**	**(10,247,994)**	**668,109**	**22,228**	**690,337**
As at 1 January 2019	**4,791,747**	**6,330,629**	**-**	**(298,454)**	**92,181**	**(10,247,994)**	**668,109**	**22,228**	**690,337**
Loss for the year	-	-	-	-	-	(1,551,256)	(1,551,256)	(70,273)	(1,621,529)
Other comprehensive income for the year									
Currency translation difference	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	(1,551,256)	(1,551,256)	(70,273)	(1,621,529)
Shares issued (net of costs)	336,377	492,065	-	-	-	-	828,442	-	828,442
Convertible loan stock issued[1]	-	-	103,000	-	-	-	103,000	-	103,000
Share based payments lapsed	-	-	-	(19,500)	-	-	(19,500)	-	(19,500)
Share based payments expired	-	-	-	(157,199)	-	157,199	-	-	-
Transactions with owners, recognised directly in equity	336,377	492,065	103,000	(176,699)	-	157,199	911,942	-	911,942
As at 31 December 2019	5,128,124	6,822,694	103,000	(475,153)	92,181	(11,642,051)	28,795	(48,045)	(19,250)

[1]Convertible loan stock includes cumulative interest payable by the issue of shares.

The notes on pages 30 to 60 form part of these Financial Statements

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

As at 31 December 2019

	Share capital £	Share premium £	Convertible loan stock £	Other reserves £	Retained loss £	Total £
As at 1 January 2018	**4,512,087**	**5,583,109**	**-**	**246,890**	**(8,759,311)**	**1,582,775**
Loss for the year	-	-	-	-	(830,171)	(830,171)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(830,171)**	**(830,171)**
Proceeds from shares issued (net of costs)	279,660	747,520	-	-	-	1,027,180
Share based payments	-	-	-	19,500	-	19,500
Share based payments expired	-	-	-	(64,845)	64,845	-
Transactions with owners, recognised directly in equity	279,660	747,520	-	(45,345)	64,845	1,046,680
As at 31 December 2018	**4,791,747**	**6,330,629**	**-**	**201,545**	**(9,524,637)**	**1,799,284**
As at 1 January 2019	**4,791,747**	**6,330,629**	**-**	**201,545**	**(9,524,637)**	**1,799,284**
Loss for the year	-	-	-	-	(2,348,306)	(2,348,306)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(2,348,306)**	**(2,348,306)**
Shares issued (net of costs)	336,377	492,065	-	-	-	828,442
Convertible loan stock issue	-	-	103,000	-	-	103,000
Share based payments lapsed	-	-	-	(19,500)	-	(19,500)
Share based payments expired	-	-	-	(157,199)	157,199	-
Transactions with owners, recognised directly in equity	**336,377**	**492,065**	**103,000**	**(176,699)**	**157,199**	**911,942**
As at 31 December 2019	**5,128,124**	**6,822,694**	**103,000**	**24,846**	**(11,715,744)**	**362,920**

[1] Convertible loan stock includes cumulative interest payable by the issue of shares.

The notes on pages 30 to 60 form part of these Financial Statements.

CASH FLOW STATEMENTS
As at 31 December 2019

	Note	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash Flows from Operating Activities					
Loss for the year on continuing activities		**(592,290)**	(775,477)	**(2,348,306)**	(830,171)
Loss for the year from discontinued operations		**(1,029,239)**	(325,703)	**-**	-
Depreciation of property, plant and equipment	15	**161,862**	151,670	**4,350**	2,859
Amortisation of intangible assets	14	**255,182**	245,531	**-**	-
Share based payments		**(7,500)**	19,500	**(7,500)**	19,500
Impairments		**602,108**	-	**2,020,810**	314,379
Non-cash directors' fees		**94,958**	110,000	**94,958**	110,000
Bad debts		**-**	32,645	**-**	-
Loss on change of ownership interests		**-**	42,273	**-**	-
Interest income		**(80)**	(7)	**(7)**	(7)
Finance costs		**27,081**	4,216	**3,295**	(10,878)
Foreign exchange		**-**	(26,752)	**-**	-
Profit on disposal		**(7,608)**	-	**-**	-
Taxation		**(334,969)**	(5,527)	**-**	-
Decrease/(increase) in inventories		**3,501**	(11,011)	**-**	-
Decrease/(increase) in trade and other receivables		**206,821**	(18,933)	**16,232**	5,803
Increase in provisions		**20,500**	-	**-**	-
Increase/(decrease) in trade and other payables		**(87,828)**	(197,653)	**11,070**	(158,964)
Cash used in operations		**(687,501)**	(755,228)	**(205,098)**	(547,479)
Income taxes received		**128,641**	216,623	**-**	112,358
Interest paid		**(24,081)**	(4,216)	**(295)**	10,878
Net cash used in operating activities		**(582,941)**	(542,821)	**(205,393)**	(424,243)
Cash Flows from Investing Activities					
Purchases of property, plant and equipment	15	**(37,884)**	(536,031)	**-**	(13,050)
Proceeds from sale of property, plant and equipment		**28,374**	500	**-**	-
Interest income		**80**	7	**7**	7
Investment in subsidiaries (net of cash acquired)		**1,617**	(108,561)	**-**	(250,000)
Loans to subsidiary undertakings		**-**	-	**(492,692)**	(417,204)
Net cash used in investing activities		**(7,813)**	(644,085)	**(492,685)**	(680,247)
Cash Flows from Financing Activities					
Net proceeds from borrowings		**-**	500,000	**-**	-
Repayment of lease liabilities		**(29,500)**	-	**-**	-
Repayment of borrowings		**(105,841)**	(450,941)	**-**	(110,000)
Issue of loan notes		**100,000**	-	**100,000**	-
Issue of shares, net of issue costs		**591,484**	744,230	**591,484**	744,230
Net cash generated from financing activities		**556,143**	793,289	**691,484**	634,230
Net decrease in cash and cash equivalents		**(34,611)**	(393,617)	**(6,594)**	(470,260)
Cash and cash equivalents at beginning of year		**109,381**	502,998	**11,378**	481,638
Cash and cash equivalents at 31 December	19	**74,770**	109,381	**4,784**	11,378
Non-cash transactions					
The principal non-cash transactions relate to:					
- Acquisition of subsidiary	16	**130,000**	273,600	**130,000**	273,600
		130,000	273,600	**130,000**	273,600

The notes on pages 30 to 60 form part of these Financial Statements.

1 General information

Remote Monitored Systems plc (the "Company") and its subsidiaries (together the "Group") undertook survey, inspection and monitoring services, including data management & analytics during the year. The Company is incorporated and domiciled in the UK and its registered office is 27-28 Eastcastle Street, London W1W 8DH.

The Company's shares are quoted on the Alternative Investment Market ("AIM") of the London Stock Exchange plc.

2 Summary of accounting policies

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied in the year presented, unless otherwise stated.

(a) Basis of preparation

The Consolidated Financial Statements of Remote Monitored Systems plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements have also been prepared under the historical cost convention.

The Financial Statements are presented in GBP (£) rounded to the nearest pound.

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

(b) Going concern basis

At the date of this report the Group had net cash of approximately £266,000 and therefore the Directors intend to seek to raise additional funding by the end of the calendar year. The ability of the Group to raise additional funds is dependent upon investor appetite and, if necessary, the Directors' ability to obtain alternative sources of funding.

The Directors have a reasonable expectation that the Group will be able to raise sufficient funding to allow it to cover its working capital for a period of twelve months from the date of approval of the financial statements. It is for this reason they continue to adopt the going concern basis of accounting in preparing the financial statements.

Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

The assessment has been made based on the Group's economic prospects and for managing working capital, in particular for the twelve months from the date of approval of the Financial Statements.

The Directors have also considered the ability of the Group to raise funds on the open market. It has demonstrated the ability to do so through share issues during the year and after the reporting date although the Directors note that this is not necessarily indicative of their ability to raise future funds.

The Directors have considered the impact of Covid-19 and are closely monitoring the situation.

The Group's business activities together with the factors likely to affect its future development performance and position are set out in the Strategic Report.

For the year ended 31 December 2019, the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit and liquidity risk can be found in the Strategic Report and in Note 29.

Based on these assumptions, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future and therefore have adopted the going concern basis of preparation in these Financial Statements.

The Financial Statements do not include any adjustment that may be required should the Group and Company be unable to continue as a going concern.

The auditors have made reference to going concern by way of a material uncertainty within their audit report.

(c) New and amended standards

Changes in accounting policy

For the purpose of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2019.

Other than IFRS 16, no new standards, amendments and interpretations have had a material impact on the Group.

Initial application of IFRS 16 'Leases'

As of 1 January 2019, the Group adopted IFRS 16 Leases which replaced IAS 17. IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Group, as a lessee, is required to recognise right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated. The details of the changes in accounting policies are disclosed below.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, being the present value of minimum lease payments, and subsequently at cost less any accumulated depreciation and impairment losses. The value of the lease will be remeasured when and if terms of the lease change. The Group shall apply judgement to determine the lease term for some lease contracts where it is a lease that includes renewal options.

The Group has applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

As a result of initially applying IFRS 16 as at 1 January 2019, there has been no net impact to the balance sheet including retained earnings, and the current loss for the year ended 31 December 2019.

New standards, interpretations and amendments not yet effective

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	Impact on initial application	Effective date
IFRS 3 (Amendments)	Definition of a Business	*1 January 2020
IAS 1 (Amendments)	Definition of material	1 January 2020
IAS 8 (Amendments)	Definition of material	1 January 2020
IFRS 17	Insurance contracts	*1 January 2021
IAS 1	Classification of Liabilities as Current or Non-Current.	1 January 2022

The Group is evaluating the impact of the new and amended standards above which are not expected to have a material impact on the Group's results or shareholders' funds.

(d) Basis of consolidation

Subsidiaries are entities controlled by the Group. 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. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. The acquisition method is used to account for the acquisition of subsidiaries.

Acquisition related costs are expensed as incurred.

The Group measures goodwill at the acquisition date as the excess of the fair value of the consideration transferred, plus the recognised amount of any non-controlling interests, less the recognised amount of the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All intercompany transactions and balances between group entities are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are recorded in equity.

Where considered appropriate, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All intercompany transactions and balances between Group enterprises are eliminated on consolidation.

Geocurve Limited, GyroMetric Limited and Cloudveil Limited use UK GAAP rules to prepare and report their financial statements. The Group reports using IFRS standards and in order to comply with the Group's reporting standards, management of these subsidiaries processed several adjustments to ensure the financial information included at a Group level complies with IFRS. These subsidiaries will continue to prepare their company financial statements in line with UK GAAP rules.

(e) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM is deemed to be the Chief Executive Officer and the Chief Financial Officer.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

Operating segments are identified on the basis of internal reports that are regularly reviewed by the CODM to allocate resources and to assess performance. Using the Group's internal management reporting as a starting point, two continuing reporting segments set out in note 5 have been identified.

The individual financial statements of each Group company are measured in the currency of the primary economic environment in which it operates (its functional currency) being US dollar or pounds sterling. For the purpose of the Group Financial Statements, the results and financial position are expressed in pound sterling GBP, which is the presentation currency for the Group and Company.

(f) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Discontinued operations are presented in the income statement as a separate line and are shown net of tax. Comparative information in relation to the Consolidated Statement of Comprehensive Income has been restated to reflect this presentation.

Foreign currencies

Functional and presentation currency

Pounds sterling GBP is considered to be the functional currency.

Transactions and balances

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the Statement of

Financial Position date. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items at the Statement of Financial Position date, are included in the Statement of Comprehensive Income for the year.

(g) Intangible assets

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the Statement of Comprehensive Income.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Customer lists and intellectual property rights are shown at historic costs, less amortisation. Costs associated with maintaining intellectual property rights are recognised as an expense as incurred. Costs incurred in development have been capitalised, on the basis that the Company will have access to future economic benefits deriving from ownership of this new technology.

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

The Group's Intangible assets, other than goodwill, are amortised at 20% per annum on a straight line basis.

At each year end date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

(h) Property, plant and equipment

All property, plant and equipment are shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

Depreciation is charged so as to write off the cost of assets over their useful economic lives, using the straight-line method, which is considered to be as follows:

- Plant and equipment - 5 years
- Motor Vehicles - 3 to 5 years
- Software - 3 years

The assets' residual values and useful lives are reviewed, and, if appropriate, asset values are written down to their estimated recoverable amounts, at each Statement of Financial Position date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in the Statement of Comprehensive Income.

(i) Financial assets

The Group and Company has classified all of its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

(j) Impairment of financial assets

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

The criteria that the Group and Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal repayments.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in the profit or loss.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the trade and other receivables credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

(k) Trade and other receivables

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

(l) Cash and cash equivalents

In the Cash Flow Statements, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

(m) Share capital and reserves

Equity comprises the following:

- Share Capital represents ordinary shares issued at par value and includes "Deferred Shares" below
- Deferred Shares represents notional shares arising on the redenomination of the nominal share capital from 1p to 0.1p on 11 August 2016 and 0.1p to 0.01p on 17 October 2017. The Deferred Shares form part of the Share Capital balance shown in the Statement of Financial Position.
- Share Premium represents the premium paid on shares issued above par value.
- Retained earnings represents retained losses.
- Merger reserve represents the difference between the carrying value of the investment and the nominal value of the shares of subsidiaries upon consolidation under merger accounting. The merger reserve is presented in "other reserves".
- Share option and warrants reserve represents the fair value of unexpired warrants.
- Convertible loan stock represents fair value of consideration received together with interest thereon.

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

(n) Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives goods or services from employees or third party suppliers as consideration for equity instruments of the Company. The fair value of the equity-settled share based payments are recognised as an expense in the Statement of Comprehensive Income or charged to equity depending on the nature of the services provided or instruments issued.

(o) Trade and other payables

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

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the year of the borrowings using the effective interest method.

(q) Revenue recognition

The Group recognises revenue in accordance with IFRS 15 which includes five key steps:

Step 1: Identify the contracts with a customer; Step 2: Identify the performance obligations in the contract; Step 3: Determine the transaction price; Step 4: Allocate the transaction price to the performance obligations in the contract; and Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities, as described below: if revenue has been billed but the specific performance obligations are not met then this is recognised as deferred revenue.

Primarily revenues were recognised on the provision of survey services when the services were rendered to clients as per the terms of specific contracts. In the case of fixed price contracts, revenues are recognised on a percentage of completion basis. Turnover is stated net of value added tax in respect of continuing activities.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Where the Group makes sales relating to a future financial period, these are deferred and recognised under 'deferred revenue' on the Statement of Financial Position. During 2019 the Group had three material revenue streams, being the provision of survey services in Geocurve Limited, digital monitoring systems in GyroMetric Systems Limited and security systems and support in Cloudveil Limited.

(r) Current and deferred income tax

The tax credit represents tax currently payable less a credit for deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from the loss for the year as reported in the Consolidated 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 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 amounts 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 liability method. Deferred tax liabilities are generally 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the relevant jurisdiction in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax is not discounted.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(s) Leases

Prior to 1 January 2019: Leases in which a significant portion of the risks and rewards are retained by the lessor are classified as opening leases. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Assets held under finance leases are recognised as assets of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The related liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between interest expenses and capital redemption of the liability. Interest is recognised immediately in the Statement of Comprehensive Income, unless attributable to qualifying assets, in which case they are capitalised to the cost of those assets.

Post 1 January 2019: Assets held under leases are recognised as assets of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The related liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between interest expenses and capital redemption of the liability. Interest is recognised immediately in the Statement of Comprehensive Income, unless attributable to qualifying assets, in which case they are capitalised to the cost of those assets.

Exemptions are applied for short life leases and low value assets, with payments made under operating leases charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

3 Financial risk management

Group financial risk factors

The Group's activities expose it to a variety of financial risks. The Group's finance function monitors and manages the financial risks relating to the operations of the Group. The Group is exposed to market risks (including foreign exchange risk and price risk) and credit risk and to a very limited amount interest rate risk and liquidity risk.

Risk management is carried out by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, to mitigate financial risk exposures.

Market risk

(a) Foreign exchange risk
The Group has closed its operations located in parts of the world whose functional currency is not the same as the Group's functional currency (GBP Sterling), therefore the foreign exchange risk is low. The Group's net assets arising from closed US operations are exposed to currency risk resulting in gains and losses on retranslation from US Dollar. Due to the minimal amount of transactions in US dollars, the Group does not consider hedging its net investments beneficial because the cash flow risk created from such hedging techniques would outweigh the risk of foreign currency exposure. It is the Group's policy to hold surplus funds over and above working capital requirements in the Parent Company. The Group considers this policy minimises any unnecessary foreign exchange exposure.

In order to monitor the continuing effectiveness of this policy the Board through their approval of both corporate and capital expenditure budgets, and review of the currency profile of cash balances and management accounts, considers the effectiveness of the policy on an ongoing basis.

(b) Price risk
The Group is not exposed to commodity price risk as a result of its operations. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Credit risk

Credit risk arises from the Group's trade receivables. Where no independent rating of customers is available, credit control assesses the quality of customers by reference to their financial position, past experience and any other relevant factors.

Interest rate risk management

The Group is not exposed to interest rate risk on financial liabilities.

Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The Group's capital structure primarily consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses.

4 Critical accounting estimates and judgements

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

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

Intangible assets
Intangible assets comprise of development costs, customer lists, Intellectual Property and Goodwill are amortised accordingly:

Development costs	20% per annum on a straight-line basis
Customer lists	20% per annum on a straight-line basis
Intellectual Property	20% per annum on a straight-line basis

Useful lives are based on management's estimates of the period that the assets will generate revenues with such records being periodically reviewed for continual appropriation.

The Group test annually whether intangible assets have suffered any impairment, in accordance with the accounting policy. Where applicable, the recoverable amounts of cash generating units have been determined based on value in use calculations. The value in use calculations require the entity to estimate future cash flows expected to arise from the cash generating unit and apply a suitable discount rate in order to calculate present value. These calculations require the use of estimates (Note 14).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

Share Options

The group issued 5,000,000 employee share options on the 1 May 2018 1.2p per option, exercisable when the Company's ordinary shares are at least 2p.

The valuation of options used the Black Scholes model and is detailed in Note 21. Changes to inputs and assumptions, in particular concerning the volatility of the Company's share price and the time to exercise can have a significant effect on the valuation.

Share options in GyroMetric Systems Limited were issued during the year. The fair value of the options was considered to be negligible and therefore no expense reflected in the financial statements.

Goodwill

Management review goodwill year on year and consider if any impairment is required.

5 Segmental analysis

Management considers that during 2019 there were two continuing activities, being developing and manufacturing digital monitoring and safeguarding systems for rotating shafts and security and risk management consultancy and related software services. The latter commenced during the year on acquisition of Cloudveil Limited. This segmental analysis is reflected in the Consolidated Group Statements set out herein. The revenue below has been restated to exclude the discontinued operations of the Geocurve business (note 12).

Total revenue comprises:

Revenue from external customers:	2019 £	2018 £
Developing and manufacturing digital monitoring and safeguarding systems for rotating shafts	**51,012**	-
Security and risk management consultancy	**1,636**	-
	52,648	-

Revenues are generated by geographical areas as follows:	2019 £	2018 £
United Kingdom	**11,265**	-
Europe	**41,383**	-
	52,648	-

The following customers generated more than 10% of the Group's revenue:	2019 £	2018 £
Customer 1	**41,383**	-
Customer 2	**9,629**	-
	51,012	-

Carrying amount of assets	2019 £	2018 £
United Kingdom	**544,332**	1,709,092
United States of America	**440**	463
	544,772	1,709,555

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

5 Segmental analysis (continued)

Carrying amount of liabilities

	2019 £	2018 £
United Kingdom	**536,439**	824,127
United States of America	**187,858**	195,091
	724,297	1,019,218

The segmental analysis of the balance sheet is not part of routine management reporting and consequently no activity segmental analysis of assets is shown.

6 Administrative expenses

The following have been charged in arriving at operating loss:

	2019 £	2018 £
Staff costs	**320,587**	300,290
Depreciation	**4,523**	28,322
Amortisation of intangibles	**14,600**	4,867
Audit fees (note 9)	**22,500**	45,281
Share based payments expense	**12,000**	-
Other expenses	**266,866**	286,583
	641,076	665,343

7 Staff costs

The average number of employees, including Directors, was:

	2019 Total No.	2019 Continuing No.	2018 Total No.	2018 Continuing No.
Directors (including subsidiaries)	**12**	**11**	5	3
Development	**9**	**1**	12	2
Administration	**3**	**1**	4	2
	24	**13**	21	7

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

7 Staff costs (continued)

Employees', including Directors' costs comprise:

	2019 Total £	2019 Continuing £	2018 Total £	2018 Continuing £
Wages, salaries and other staff costs	**758,394**	**303,362**	848,632	285,857
Social security costs	**62,128**	**13,646**	70,643	13,222
Pension costs	**4,304**	**3,579**	1,979	1,211
	824,826	**320,587**	921,254	300,290

The directors were the only employees of the Company and the costs incurred by the Company are detailed in note 8.

8 Directors

The Directors are considered to be the Key Management of the Group.

Group	2019 Short term employee benefits £	2019 Other £	2019 Total £	2018 Short term employee benefits £	2018 Other £	2018 Total £
Paul Ryan	**48,000**	**-**	**48,000**	48,000	2,765	50,765
Trevor Brown	**48,000**	**-**	**48,000**	48,000	-	48,000
Nigel Burton	**48,000**	**-**	**48,000**	48,000	-	48,000
Iain McLure	**-**	**-**	**-**	10,967	-	10,967
	144,000	**-**	**144,000**	154,967	2,765	157,732

Paul Ryan was paid his short term employee benefits through a service company, Warande1970 BVBA.

Gary Nel, former director of Geocurve Limited, was considered to be Key Management until his departure during the year and was paid short term employee benefits of £34,808 (2018 £164,574) in that year.

John Richardson, a director of GyroMetric Systems Limited, is also considered to be Key Management and during the year was paid short term employee benefits of £55,000. I addition he received 5,000 share options in GyroMetric Systems Limited the fair value of which were considered to be negligible.

9 Auditors remuneration

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Group and Parent Company's Financial Statements	**22,500**	39,651
Fees payable to the Company's auditor for other services:		
Interim accounts and retranslation review	**-**	3,500
Taxation - compliance	**-**	2,130
	22,500	45,281

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

10 Finance costs

	2019	2018
	£	£
Interest payable and other finance costs	**3,295**	3,871

11 Tax

Group	2019	2018
Income tax	£	£
Current tax		
UK Corporation tax credit	**(49,107)**	(5,120)
Deferred tax		
Current year	**(70,545)**	66,692
Tax credit	**(119,652)**	61,572

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits/(losses) of the consolidated entities as follows:

	2019	2018
Group	£	£
Loss before tax	**(711,942)**	(713,905)
Tax at the applicable rate of 19.00% (2018 19.15%):	**(135,269)**	(136,713)
Effect of:		
Expenses/income not deductible for tax purposes	**26,016**	61
Depreciation in excess of capital allowances	**855**	12,387
R&D tax credit	**(49,107)**	-
Fixed asset timing differences	**(70,545)**	66,692
Net tax effect of losses carried forward	**108,398**	119,145
Tax credit for the year	**(119,652)**	61,572

The tax rate used for 2018 was a combination of 19%, the standard rate of corporation tax in the UK and US tax rate of 21% to give an applicable rate of 19.15%. The tax rate used for 2019 is the standard rate of corporation tax in the UK.

The Group has tax losses of approximately £4,800,000 (2018: £4,569,000) available to carry forward against future taxable profits. No deferred tax asset has been recognised in view of the uncertainty over the timing of future taxable profits against which the losses may be offset.

12 Discontinued operations

During December 2019 the group reached agreement to sell the fixed assets and goodwill within Geocurve Limited. At the same time, a formal plan was made to discontinue the Geocurve business. The disposal was completed in January 2020. The fixed assets included in the sale were sold for £160,275 and are included within 'Assets classified as held for sale' within the Consolidated Statement of Financial Position at the lower of carrying value and net realisable value. Impairments relating to the disposal were intangible assets of £189,238 and fixed assets of £286,887 which are shown within discontinued operations.

In addition, the purchaser has agreed to pay a finders fee as a percentage of sales arising from existing customers of the Geocurve business. These amounts will be credited to income when the respective sales are settled.

Results of discontinued operations were as follows:

	2019 £	**2018** £
Revenue	**427,616**	857,970
Cost of sales	**(459,227)**	(509,520)
Other income	**-**	7,371
Depreciation	**(157,339)**	(124,109)
Intangible amortisation	**(240,582)**	(240,664)
Share option credit/(expense)	**19,500**	(19,500)
Impairments	**(476,125)**	(879)
Other costs	**(334,621)**	(363,126)
Finance income	**8**	-
Finance costs	**(23,786)**	(345)
Income tax	**215,317**	67,099
	(1,029,239)	(325,703)

Included in the Group Cash Flow Statement are the following amounts relating to discontinued operations

	2019 £	**2018** £
Cash flow from operating activities	**(240,117)**	440,452
Cash flow from investing activities	**366,953**	(579,619)
Cash flow from financing activities	**(135,341)**	166,666

13 Earnings per share

Basic earnings per share has been calculated by dividing the loss attributable to equity holders of the Company after taxation by the weighted average number of shares in issue during the year. There is no difference between the basic and diluted loss per share as the effect on the exercise of options and warrants would be to decrease the earnings per share.

Basic and Diluted	2019 £	2018 £
Loss after taxation – continuing operations	**(522,017)**	(736,730)
Loss after taxation – discontinued operations	**(1,029,239)**	(325,703)
Loss after taxation - total	**(1,551,256)**	(1,062,433)
Weighted average number of shares	**412,161,620**	301,503,017
Earnings per share (pence) – continuing operations	**(0.13)**	(0.24)
Earnings per share (pence) – discontinued operations	**(0.25)**	(0.11)
Earnings per share (pence) - total	**(0.38)**	(0.35)

14 Intangible assets

Goodwill – Group	2019 £	2018 £
Cost		
At 1 January	**334,646**	9,834
Additions (note 16)	**125,983**	324,812
Reclassification to held for sale assets (note 12)	**(9,834)**	-
At 31 December	**450,795**	334,646
Impairment		
At 1 January	**-**	-
Arising during the year	**135,817**	-
Reclassification to held for sale assets (note 12)	**(9,834)**	-
At 31 December	**125,983**	-
Net book value at 31 December	**324,812**	334,646

The Company gained control of GyroMetric Systems Limited during the previous year. Reassessment of the fair value of assets and liabilities acquired were made within one year of the acquisition. Goodwill recognised in 2018 was £324,812. There was no change to the provisional fair values in the current year.

The recoverable amount of the GyroMetric cash-generating units was determined based on value in use calculations. The key assumptions used for the value-in-use calculations were as follows:

Gross margin	20-50%
Growth rate	10-45%
Discount rate	10-20%

14 Intangible assets(continued)

As at the year end, management has reassessed the recoverable amount of the Goodwill relating to GyroMetric based on forecast NPV calculations. Management determined budgeted gross margin based on past performance and its expectations of market development. The average growth rates used are consistent with the forecasts included in industry reports. The discounted rates used are pre-tax, and reflect specific risks relating to the relevant operating segment. The value in use calculations and headroom is sensitive to any change in the key assumptions.

Management concluded that the goodwill is not impaired.

Given the inherent uncertainty partially relating to the Covid-19 virus, management have considered that the reliability of value in use calculations for the current year for the Cloudveil business would not be sufficiently robust. Goodwill of £125,983 has therefore been fully impaired.

The recoverable amount calculated based on value in use exceeded the carrying value for the GyroMetric business.

Other intangibles – Group	**Customer Lists £**	**Intellectual Property £**	**Development Costs £**	**Total £**
Cost				
At 1 January 2018	370,227	464,037	372,818	1,207,082
Arising on acquisition	-	73,000	-	73,000
Disposal	-	(4,170)	-	(4,170)
At 31 December 2018	**370,227**	**532,867**	**372,818**	**1,275,912**
Reclassification to held for sale assets (note 12)	(370,227)	(459,867)	(372,818)	(1,202,912)
At 31 December 2019	**-**	**73,000**	**-**	**73,000**
Amortisation				
At 1 January 2018	193,289	185,135	163,838	542,262
Amortisation	72,630	86,998	85,903	245,531
At 31 December 2018	**265,919**	**272,133**	**249,741**	**787,793**
Amortisation	74,045	106,573	74,564	255,182
Impairment	30,263	100,628	48,513	179,404
Reclassification to held for sale assets (note 12)	(370,227)	(459,867)	(372,818)	(1,202,912)
At 31 December 2019	**-**	**19,467**	**-**	**19,467**
Net book value				
At 31 December 2017	**176,938**	**278,902**	**208,980**	**664,820**
At 31 December 2018	**104,308**	**260,734**	**123,077**	**488,119**
At 31 December 2019	**-**	**53,533**	**-**	**53,533**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

15 Property, Plant and Equipment

Group	Right of Use Leasehold £	Plant & equipment £	Software £	Motor Vehicles £	Total £
Cost					
At 1 January 2018	-	288,398	-	39,240	327,638
Additions	-	567,193	17,900	7,031	592,124
Disposals	-	(170,021)	-	(31,240)	(201,261)
At 31 December 2018	**-**	**685,570**	**17,900**	**15,031**	**718,501**
Reclassification of leases	95,875	-	-	-	95,875
Acquisition of subsidiary	-	4,299	-	-	4,299
Additions	-	37,884	-	-	37,884
Disposals	-	(49,984)	-	(8,000)	(57,984)
Reclassification to held for sale assets (note 12)		(639,632)	(4,850)	(7,031)	(651,513)
At 31 December 2019	**95,875**	**38,137**	**13,050**	**-**	**147,062**
Accumulated depreciation					
At 1 January 2018	-	214,802	-	24,545	239,347
Charge for the year	-	143,772	1,533	6,365	151,670
Disposals	-	(154,102)	-	(22,902)	(177,004)
At 31 December 2018	**-**	**204,472**	**1,533**	**8,008**	**214,013**
Acquisition of subsidiary	-	1,778	-	-	1,778
Charge for the year	29,500	123,608	5,563	3,191	161,862
Disposals	-	(33,050)	-	(4,168)	(37,218)
Impairments	66,375	217,683	2,829		286,887
Reclassification to held for sale assets (note 12)	-	(479,357)	(4,850)	(7,031)	(491,238)
At 31 December 2019	**95,875**	**35,134**	**5,075**	**-**	**136,084**
Net book value at 31 December 2017	**-**	**73,596**	**-**	**14,695**	**88,291**
Net book value at 31 December 2018	**-**	**481,098**	**16,367**	**7,023**	**504,488**
Net book value at 31 December 2019	**-**	**3,003**	**7,975**	**-**	**10,978**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

15 Property, Plant and Equipment (continued)

Company	Plant & equipment £	Software £	Total £
Cost			
At 1 December 2018	4,226	-	4,226
Additions	-	13,050	13,050
At 31 December 2018	**4,226**	**13,050**	**17,276**
Additions	-	-	-
At 31 December 2019	**4,226**	**13,050**	**17,276**
Accumulated depreciation			
At 1 January 2018	2,092	-	2,092
Charge for the year	2,134	725	2,859
At 31 December 2018	**4,226**	**725**	**4,951**
Charge for the year	-	4,350	4,350
At 31 December 2019	**4,226**	**5,075**	**9,301**
Net book value at 31 December 2017	**2,134**	**-**	**2,134**
Net book value at 31 December 2018	**-**	**12,325**	**12,325**
Net book value at 31 December 2019	**-**	**7,975**	**7,975**

16 Investment in subsidiary undertakings

Company	2019 £	2018 £
As at 1 January	**1,289,509**	954,894
Additions (note 17)	**130,000**	523,600
Impairment	**(1,173,908)**	(188,985)
Cost at 31 December	**384,601**	1,289,509

The impairment relates to the company's investments in Geocurve Limited which held the Geocurve business that was disposed after the year end (note 12), its investment in Cloudveil Limited and a partial impairment against its investment in GyroMetric Systems Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

16 Investment in subsidiary undertakings (continued)

The following are the principal subsidiaries of the Company at 31 December 2019 and at the date of these Financial Statements.

Name of company	Registered Address	Parent company	Class of shares	Share capital held	Nature of business
GyroMetric Systems Limited	Dockholme Lock Cottage 380 Bennett Street, Long Eaton, Nottingham NG10 4JF, UK	Remote Monitored Systems plc	Ordinary	57.8%	Shaft Monitoring
Cloudveil Limited	52 West Street, Farnham, GU9 7DX, UK	Remote Monitored Systems plc	Ordinary	100%	Security
Geocurve Limited	27-28 Eastcastle Street, London, W1W 8DH, UK	Remote Monitored Systems plc	Ordinary	100%	Surveying and mapping

In addition to the above the company has dormant or non trading fully owned subsidiaries as follows:

Registered in United Kingdom
G N Site Engineers Limited
UK Aerovision Limited
Strat Aero International Limited

Registered in United States of America
Strat Aero International, Inc.
Strat Aero US Holdings, Inc
Aero Kinetics Labs LLC
Aero Kinetics UAS TC001 LLC
Nephos Services LLC
Aero Kinetics Aviation LLC

The following subsidiaries named above, are exempt from the requirements of the Companies Act to audit the accounts under section 479A of the Companies Act 2006:

Strat Aero International Limited - 08813081
Geocurve Limited - 09763667
GN Site Engineers Limited - 07209679
UKAerovision Limited - 08795638
GyroMetric Systems Limited - 05154449
Cloudveil Limited - 11062884

17 Acquisition of subsidiary undertakings

In September 2019 the entire issued share capital of Cloudveil Limited was acquired for consideration of £130,000. The consideration was settled by the issue of 22,241,231 ordinary shares on 3 October 2019. Cloudveil is based in the UK and its principal activity is that of security and risk management consultancy and related software and services.

	£
Purchase consideration	**130,000**
Fair value of net assets acquired	**4,017**
Goodwill	**125,983**

The goodwill acquired relates to employee knowledge and skill.

The fair value of net assets and liabilities arising from the acquisition were as follows:

	£
Cash and cash equivalents	**1,617**
Property, plant and equipment	**2,521**
Trade and other receivables	**18,080**
Trade and other payables	**(18,201)**
	4,017

Included in the Consolidated Statement of Comprehensive Income is revenue of £1,646 and operating losses of £13,705 attributable to Cloudveil Limited in the post acquisition period.

Revenue of £73,122 and operating losses of £15,287 would have been included in the Consolidated Statement of Comprehensive Income had the acquisition been made on 1 January 2019.

18 Trade and other receivables

	2019		**2018**	
	Group	**Company**	**Group**	**Company**
	£	**£**	**£**	**£**
Amounts due from group undertakings	**-**	**118,040**	-	610,423
Trade receivables	**23,312**	**-**	183,239	-
VAT receivable	**8,085**	**5,984**	6,594	5,968
Other receivables	**19,889**	**-**	7,839	-
Prepayments	**14,804**	**10,443**	56,859	27,518
At 31 December	**66,090**	**134,467**	254,531	643,909
Less: non-current portion	**-**	**(118,040)**	-	(610,423)
Current portion	**66,090**	**16,427**	254,531	33,486

Amounts due from group undertakings were impaired by £985,514 (2018 - £150,620) during the year within the Company.

The fair value of all receivables is the same as their carrying values stated above.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

18 Trade and other receivables (continued)

Ageing of trade receivables - Group:

	2019	2018
	£	£
Not due	**2,160**	192,102
0 – 30 days	**16,992**	3,000
Over 30 days	**4,160**	(11,863)
	23,312	183,239

The carrying amount of the Group's trade receivables are all denominated in GB pounds.

The maximum exposure to credit risk at the reporting date is the carrying value reported above. The Group does not hold collateral as security. Provisions totalling £nil (2018: £5,832) have been made at the year end in respect of trade receivables.

19 Cash and cash equivalents

		2019		2018
	Group	Company	Group	Company
	£	£	£	£
Cash at bank and in hand	**74,770**	**4,784**	**109,381**	**11,378**

Cash at bank is held with credit institutions with an A credit rating.

The carrying amount of the Group's cash and cash equivalents are denominated in the following currencies:

		2019		2018
	Group	Company	Group	Company
	£	£	£	£
US dollars	**446**	**-**	463	-
GB pounds	**74,324**	**4,784**	108,918	11,378
	74,770	**4,784**	109,381	11,378

20 Share capital

		2019		2018
Issued equity share capital	Number	£	Number	£
Issued and fully paid				
Ordinary shares of 0.2p each	**500,656,790**	**1,001,313**	332,467,785	664,936
Deferred shares of 2.0p each	**117,947,721**	**2,358,954**	117,947,721	2,358,954
A Deferred shares of 0.2p each	**883,928,368**	**1,767,857**	883,928,368	1,767,857
		5,128,124		4,791,747

20 Share capital (continued)

Group and Company	Number of ordinary shares	Ordinary shares £	Share premium £	Total £
As at 1 January 2018	**192,638,023**	**4,512,087**	**5,583,109**	**10,095,196**
Issue of new shares – 5 January 2018	58,681,220	117,362	293,408	410,768
Issue of new shares – 10 January 2018	6,785,714	13,571	33,924	47,507
Exercise of warrants – 16 January 2018	4,285,714	8,571	21,429	30,000
Exercise of warrants – 24 January 2018	1,785,714	3,571	8,929	12,500
Exercise of warrants – 31 January 2018	5,714,286	11,429	28,571	40,000
Exercise of warrants – 23 April 2018	27,857,143	55,714	139,286	195,000
Exercise of warrants – 8 June 2018	10,928,571	21,857	54,643	76,500
Issue of new shares – 7 September 2018	23,791,304	47,583	226,017	273,600
Share consolidation adjustment	96	2	-	2
Share issue costs	-	-	(20,539)	(20,539)
Foreign exchange differences	-	-	(38,151)	(38,151)
As at 31 December 2018	**332,467,785**	**4,791,747**	**6,330,629**	**11,122,376**

Group and Company	Number of ordinary shares	Ordinary shares £	Share premium £	Total £
As at 1 January 2019	**332,467,785**	**4,791,747**	**6,330,629**	**11,122,376**
Share consolidation adjustment	(95)			
Issue of new shares – 17 January 2019	53,846,154	107,692	232,307	340,000
Issue of new shares – 30 July 2019	21,101,715	42,203	52,755	94,958
Issue of new shares – 3 October 2019	22,241,231	44,482	85,518	130,000
Issue of new shares – 18 October 2019	62,500,000	125,000	116,485	241,485
Issue of new shares – 21 October 2019	2,500,000	5,000	5,000	10,000
Issue of new shares – 6 December 2019	6,000,000	12,000	-	12,000
As at 31 December 2019	**500,656,790**	**5,128,124**	**6,822,694**	**11,950,818**

On 17 January 2019 the Company issued 53,846,154 ordinary shares of 0.2p each at a price of 0.65p per share raising £340,000. Certain directors took part in the open offer with each subscribing to 15,384,615 new ordinary shares.

On 30 July 2019 the Company issued 21,101,715 new ordinary shares of 0.2p each at a price of 0.45p per share in consideration for outstanding fees payable by the Company to certain directors.

On 3 October 2019 the Company issued 22,241,231 new ordinary shares of 0.2p each at a price of 0.5845p per share as consideration for the entire issued share capital of Cloudveil Ltd.

On 18 October 2019 the Company issued 62,500,000 new ordinary shares of 0.2p each at a price of 0.4p per share raising £241,485. Certain directors took part in the open offer and subscribed to 28,125,000 new ordinary shares.

On 21 October 2019 the Company issued 2.500,000 new ordinary shares of 0.2p each at a price of 0.4p per share raising £10,000.

On 6 December 2019 the Company issued 6,000,000 new ordinary shares of 0.2p each at a price of 0.2p per share as an incentive to senior members of staff.

20 Share capital (continued)

Share options in the Company

At 31 December 2018, the following options over ordinary shares had been granted to the previous director of Geocurve Limited Mr G Nel, who resigned on 31 March 2019, and other employees of Geocurve Limited. The share options had all lapsed prior to 31 December 2019.

Grant date	Number of shares	Exercise price	Exercise period
1 May 2018	5,000,000	1.2p	1 May 2018 to 30 April 2023

Warrants

At 31 December 2019 the following warrants over ordinary shares had been issued and remain unexercised:

Grant date	Number of shares	Exercise price	Exercise date
14/10/2015	49,451	1p	13 October 2020

Warrants

Warrants to subscribe for new Ordinary Shares in the Company were in issue as follows:

	No. of warrants	2019 Weighted average price £	No. of warrants	2018 Weighted average price £
At 1 January	80,454,531	0.05	131,025,960	0.04
Lapsed during the year	(80,405,080)	0.05	-	-
Exercised during the year	-	-	(50,571,429)	0.007
Outstanding at 31 December	**49,451**	**0.05**	80,454,531	0.05
Exercisable at 31 December	**49,451**	**0.05**	80,454,531	0.05

The warrants outstanding at 31 December 2019 had a weighted average remaining contractual life of 9 months (31 December 2018: 2 months).

No warrants were issued during the year. The fair value of the warrants granted in the comparative period were calculated using the Black Scholes model.

Share options in GyroMetric Systems Limited

At 31 December 2019 share options were in issue relating to shares in GyroMetric Systems Limited. The number of share options, which are only exercisable on a trade sale or IPO, vary dependent upon the exit valuation. The maximum number of options outstanding at 31 December 2019 were as follows:

Number of shares	Exercise price
65,300	£0.62
544,366	£1.05

The number of shares in issue in GyroMetric Systems Limited is 1,091,302.

Included in the above were 5,000 options issued during the year at an exercise price of £0.62. The value of these options was considered to be negligible.

22 Convertible loan stock

Group and Company	2019 £	2018 £
As at 1 January	**-**	-
Convertible loan stock issued	**100,000**	-
Accrued interest	**3,000**	-
At 31 December	**103,000**	-

The convertible loan stock is unsecured has an annual coupon of 6% and expires on 4 July 2020. The coupon is payable in shares.

23 Other reserves

The measurement requirements of IFRS 2 have been implemented in respect of share options and warrants granted.

	Group			Company	
	Share option and warrants reserve £	Merger reserve £	Total £	Share option and warrants reserve £	Total £
At 1 January 2018	246,890	(499,999)	(253,109)	246,890	246,890
Share options	19,500	-	19,500	19,500	19,500
Share warrants exercised	(64,845)	-	(64,845)	(64,845)	(64,845)
At 31 December 2018	201,545	(499,999)	(298,454)	201,545	201,545
At 1 January 2019	201,545	(499,999)	(298,454)	201,545	201,545
Share options forfeited	(19,500)	-	(19,500)	(19,500)	(19,500)
Share warrants lapsed	(157,199)	-	(157,199)	(157,199)	(157,199)
At 31 December 2019	24,846	(499,999)	(475,153)	24,846	24,846

24 Non controlling interests

Group	Total £
As at 1 January 2018	-
On acquisition	60,975
Non controlling interests in share of losses for the year	(38,747)
At 31 December 2018	22,228
Non controlling interest in share of losses for the year	(70,273)
At 31 December 2019	(48,045)

25 Trade and other payables

	2019		2018	
	Group £	Company £	Group £	Company £
Amounts due to group undertakings	**-**	**2,669**	-	-
Trade payables	**105,732**	**43,269**	141,220	80,218
VAT payable	**8,018**	**-**	35,734	-
Corporation tax	**2,531**	**-**	-	-
Accruals	**135,034**	**112,969**	87,308	77,619
Deferred revenue	**-**	**-**	140,000	-
Other creditors	**124,507**	**10,000**	-	-
	375,822	**168,907**	404,262	157,837

26 Borrowings

	2019		2018	
Group	Lease Liabilities £	Finance Lease £	Lease Liabilities £	Finance Lease £
Total at 31 December	**66,375**	**60,825**	-	166,666
Less: non-current portion	**(36,875)**	**-**	-	-
Current portion	**29,500**	**60,825**	-	166,666

Reconciliation to cashflows from financing activities	Group 2019 £	Group 2018 £	Company 2019 £	Company 2019 £
Balance as at 1 January	**166,666**	117,807	**-**	110,000
Introduction of lease liabilities	**95,875**	-	**-**	-
Net proceeds from borrowings	**-**	500,000	**-**	-
Repayments of borrowings	**(105,841)**	(451,141)	**-**	(110,000)
Repayment of lease liabilities	**(29,500)**	-	**-**	-
Balance as at 31 December	**90,325**	166,666	**-**	-

The non current portion of the lease liabilities are payable as to £29,500 within 1-2 years and £7,375 within 2-3 years.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

27 Provisions

Group	2019 £	2018 £
Closure costs in respect of the Geocurve business	**20,500**	-

The provision for closure costs will be settled within the next 3 years.

28 Deferred tax

	2019		2018	
	Group £	Company £	Group £	Company £
Deferred tax liabilities				
Deferred tax liability after more than 12 months	**-**	**-**	206,328	-

Deferred tax relates to timing differences in respect of the investment in Geocurve Limited and Tangible Fixed Assets.

The movement in the deferred tax account is as follows:

	2019		2018	
	Group £	Company £	Group £	Company £
At 1 January	**206,328**	**-**	135,712	-
Investment in subsidiaries	**(150,941)**	**-**	26,522	-
Fixed asset timing differences	**(55,387)**	**-**	44,094	-
At 31 December	**-**	**-**	206,328	-

29 Financial instruments

Categories of financial instruments

	2019 Group £	2019 Company £
Assets – Loans and receivables		
Trade and other receivables (excluding prepayments)	**45,301**	**107,597**
Cash and cash equivalents	**74,770**	**4,784**
	120,071	**112,381**
Liabilities – At amortised cost		
Trade and other payables (excluding non-financial liabilities)	**433,047**	**55,938**
Finance lease obligations	**60,825**	**-**
Lease liabilities	**66,375**	**-**
	560,247	**55,938**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

29 Financial instruments (continued)

	2018 Group £	2018 Company £
Assets – Loans and receivables		
Trade and other receivables (excluding prepayments)	216,062	616,390
Cash and cash equivalents	109,381	11,378
	325,443	**627,768**
Liabilities – At amortised cost		
Trade and other payables (excluding non-financial liabilities)	418,916	80,218
Finance lease obligations	166,666	-
	585,582	**80,218**

30 Financial commitments

Operating leases

The Group had no significant operating lease obligations at 31 December 2019.

At 31 December 2018 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 Other £	2018 Land and buildings £
No later than one year	2,067	29,500
Later than one year but no later than 5 years	1,773	68,833
Total future minimum lease payments	3,840	98,333

As detailed in note 2 the Group's interest in material operating leases has been treated in accordance with IFRS 16 with effect from 1 January 2019.

31 Contingent liabilities

The Group has received a claim made against its subsidiary in the US following the dismissal of an employee. The claim is in the hands of the Group's lawyers and the outcome has not yet been reached, however the Directors believe that the claim is without merit. In the event of a settlement, the exact level of compensation is unknown at this stage. On this basis, the contingent liability cannot be quantified.

32 Related party transactions

Directors' transactions

Directors remuneration is disclosed in note 8.

The amount owing to Nigel Burton in respect of unpaid salary at 31 December 2019 was £59,182 (2018 - £11,182). This amount is included in accruals.

The amount owing to Trevor Brown in respect of unpaid salary for 2019 is £750 (2018 - £nil). This amount is included in trade payables.

Paul Ryan is a director of Warande1970 BVBA which the Group pays in relation to Paul's director fee. £4,750 is outstanding at 31 December 2019 and included in accruals (2018 - £60,637).

During the previous year was the second stage of the step-acquisition of GyroMetric Systems Limited, 20.9% of the share capital was acquired by allotting 23,791,304 new shares in RMS plc at 1.15p, at a total cost of £273,600. This was acquired from Braveheart Investment Group plc, a company in which Trevor Brown is a Director and owns 29.82% of the share capital.

During the year Braveheart Investment Group plc provided funds to GyroMetric Systems Limited totalling £34,200 in the form of a convertible loan note. The amount was still outstanding at 31 December 2019.

During the year Cloudveil Limited advanced amounts to Hugo Gillum-Webb, a Director of the Company. At the year end, £11,038 is due to the Company.

During the year and in prior years, amounts were advanced by the Directors of the Parent Company and Subsidiaries. The at year end, the following amounts were outstanding;

	2019	2018
Nigel Burton	29,000	-
P & R Orton	6,312	6,312

Parent Company transactions with subsidiary companies

At the year end £1,034,568 (31 December 2018: £761,043) was due from the subsidiary companies.

The above balance included amounts owing from Geocurve Ltd which have been impaired by £765,908 (2018: £150,620) during the year.

33 Ultimate controlling party

There is not considered to be a controlling party. For details on major shareholdings please refer to the Director's Report.

34 Events after the reporting year

On 9 January 2020 the sale of the business and principal assets of Geocurve was approved. The proposed sale was originally announced on 19 December 2019 with the consideration being £160,000. The Geocurve business is disclosed in the accounts as a discontinued operation with the related non current assets, impaired as necessary, disclosed within 'Assets classified as held for sale' within the Consolidated Statement of Financial Position.

On 9 April 2020 the Company issued 140,000,000 new ordinary shares of 0.2p each at a price of 0.25p per share raising £350,000.

The Directors of the Company who participated in the placing were as follows:

- Paul Ryan subscribed £25,000
- Trevor Brown subscribed £25,000

On 11 March 2020, the World Health Organisation declared the Coronavirus outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 200 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus and as a result there is a significant increase in economic uncertainty.

For the Group's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of current events, the Group cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future.

On 15 April 2020 the Company issued 20,400,000 new ordinary shares of 0.2p each at a price of 0.25p in settlement of an adviser's outstanding fees of £51,000.

COMPANY INFORMATION

Directors	Trevor Brown	(*Chief Executive Officer)*
	Nigel Burton	(*Non-Executive Chairman*)
	Paul Ryan	(*Non-Executive Director*)
Website	www.remotemonitoredsystems.com	
Registered Office	27-28 Eastcastle Street London W1W 8DH	
Registered Number	09109008	
Nominated Adviser and Joint Broker	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP	
Joint Broker	Peterhouse Corporate Finance Limited 3rd Floor, 80 Cheapside London EC2V 6EE	
Solicitors	Edwin Coe 2 Stone Buildings Lincoln's Inn London WC2A 3TH	
Independent Auditor	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD	
Registrars	Share Registrars Limited First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 97LL	

COMPANY INFORMATION (continued)

Details of the Directors and their backgrounds are as follows:

Trevor Brown (aged 73, British)
Chief Executive Officer

Trevor Brown has been a strategic investor in real estate and equities for more than 30 years.

Trevor is currently the Chief Executive Officer of IQAI plc and Braveheart Investment Group plc and until December 2017 was a Non-Executive Director of Management Resource Solutions plc. He was also a director of AIM listed Feedback plc and of Advanced Oncotherapy plc.

Nigel Burton (aged 62, British)
Non-Executive Chairman

Nigel has over 30 years' experience in operational and financial management, debt and equity financing, acquisition and integration of businesses, disposals, IPOs and trade sales. Following over 14 years as an investment banker at leading City institutions including UBS Warburg and Deutsche Bank, including as the Managing Director responsible for the energy and utilities industries, Nigel spent 15 years as Chief Financial Officer or Chief Executive Officer of a number of private and public companies. Since 2017 he has focused on company turnarounds, including two RTOs on AIM. Nigel is currently Non-Executive Chairman of Remote Monitored Systems plc and Mobile Streams plc and a Non-Executive Director of Digitalbox plc, Regency Mines plc, eEnergy Group plc, and Modern Water Group plc, all of which are listed on AIM.

Nigel is a Chartered Electrical Engineer and a Past President of the IET. He has a B.Sc. (First Class Hons) in Electrical and Electronic Engineering and a Ph.D in Acoustic Imaging from University College London.

Paul Ryan (aged 52, Irish)
Non-Executive Director

Paul has 20 years of transactional, commercial and regulatory experience in the telecommunications and ICT sectors with international blue chip entities, during which he has been involved in transactions with a value in excess of US$10 billion. From 2002 to 2013, he held a variety of board positions with leading mobile operator Vodafone and its operating subsidiaries, including Head of Strategy, Regulatory and Political Affairs in Brussels and Director of Strategy and External Affairs for Vodafone Ireland and Vodafone Ghana. Prior to this, he worked as a management consultant in the European telecoms sector, served as a strategic adviser at Ofcom, the UK's communications industry regulator, and was a solicitor at leading international City law firm Ashurst. He acts as an adviser, primarily on strategy and public policy, to a range of clients including FTSE100 and Fortune 500 companies largely in the ICT space. Paul is a qualified solicitor in the UK and graduated from Trinity College, Dublin, Ireland.