

Registered Number: 09109008



Remote Monitored Systems plc (formerly Strat Aero plc)  
Annual Report and Financial Statements  
For the year ended 31 December 2018



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## CHAIRMAN'S STATEMENT

2018 saw significant change for the Company, with the transition to a largely new Board and closure of the loss making training business all completed in January 2018. The business now comprises Geocurve, a leading provider of survey and inspection services, and the 58% interest in GyroMetric Systems, which provides digital monitoring and safeguarding systems for rotating shafts. During the year Geocurve grew significantly, with revenues up by 34%, whilst two investments were made in GyroMetric Systems. The name of the company was changed to reflect the new focus and direction of the business, with a new website launched in November.

### *Survey & Inspection*

#### **Geocurve**

During 2018 Geocurve continued to provide Survey and Inspection services to a range of major blue-chip companies and government agencies whilst allocating significant resources to the Thames Estuary contract.

In January 2018, Geocurve was awarded a contract to provide an innovative technology-based 3D and Virtual Reality survey service for the Environment Agency's Thames Estuary Asset Management 2100 (TEAM2100) programme, which initially provides a fixed revenue of £1.1m over three years.

In April 2018, Geocurve was selected as a specialist 'UAV Survey and Inspection' Preferred Supplier by Aviva plc to provide a range of inspection and survey services to their UK customer base. This followed the successful use of Unmanned Aerial Vehicles (UAVs) to create comprehensive roof condition surveys for a set of Aviva-insured historic properties in central Edinburgh. The high definition data captured by the UAVs was processed into a complete set of geo-tagged images by Geocurve's Geo-Spatial Data Centre.

In July 2018, Geocurve commenced an initial four-month contract with Hesselberg Hydro, a specialist in the application of asphalt in hydraulic engineering, and in particular systems for erosion protection, underwater scour protection and waterproofing. The contract can be extended on an indefinite basis and includes options to add extra services in the future.

Also in July 2018, Geocurve, in conjunction with Essex University, developed a room scale Virtual Reality suite. With this resource, using UAV captured imagery, 3D models can be developed by geo-referencing and stitching together many high-resolution images. This technique has widespread potential usage for environmental and industrial applications. Until now information has been displayed using 2D projections of 3D computer information, importing data into the new system permits visualisation and identification in a way not possible before. Geocurve has already provided the first Virtual Reality ("VR") deliverables to a commercial client using this technology with the results significantly exceeding expectations.

As announced on 29 March 2019, 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. As a result of reviewing progress against the contract, £140,000 of revenue was deferred from 2018 to 2019. Additional data has been successfully



**CHAIRMAN'S STATEMENT (continued)**

delivered to the client, and Geocurve continues to work closely with the client to deliver the remainder of the contract.

Whilst the deferral of revenue noted above has resulted in reported turnover for the year to 31 December 2018 being lower than our original expectations (as announced in our trading update of 9 January 2019), some of this revenue has been recognised in H1 2019 with the remainder scheduled to be invoiced and paid in the second half of 2019.

Cost saving measures have been implemented to minimise the effects of the resulting delays.

Geocurve continues to focus on the acquisition of major corporate customers and to pursue its ambition to be the UK market leader in the supply of innovative VR and Artificial Intelligence ("AI") surveying services to specialist customers on critical infrastructure projects.

The directors believe that Geocurve's skill set and its use of innovative technology has the potential to transform the practice of surveying, and reflects Geocurve's continuing transition to becoming:

1. A leading technology-based UK provider of data rich surveying services including multi-sensors and data analytics to create 3D mapping and VR imaging. Many of our existing clients are already showing considerable interest in VR applications, which are at the forefront of the survey industry's innovation drive and form a powerful addition to our market leading data capture and processing capabilities.
2. A leading provider of UAV ("drone") data collection and monitoring services specialising in over-flying sensitive and secure installations where sophisticated piloting skills are required and equally capable on land, in water or in the air.

**GyroMetric**

In April 2018 the Group made an initial investment to acquire 37% of GyroMetric, which develops and manufactures digital monitoring and safeguarding systems for rotating shafts. The GyroMetric technology uses proprietary algorithms, software and AI techniques to analyse remotely critical drive shaft performance so as to diagnose and predict drive system maintenance requirements before catastrophic damage occurs. The company's technology is proven, operating reliably in harsh environments over many years. In August 2018, the Group announced a further investment in GyroMetric, increasing its shareholding to 58%.

The GyroMetric active protection system has been certified for the marine market by IACS (International Association of Classification Societies) and ABS (American Bureau of Shipping). Working with global marine coupling supplier Vulkan GmbH, GyroMetric has over 60 systems in service which protect large marine drives and couplings, producing considerable cost savings for their ship owners.



**CHAIRMAN'S STATEMENT (continued)**

More recently, GyroMetric has moved into monitoring and protecting wind turbines, having recently completed highly successful trials using the world's newest and most powerful offshore wind turbine drive train test facility at the Offshore Renewable Energy (ORE) Catapult at Blyth. Working with ORE Catapult's drivetrain experts, GyroMetric's technology has been tested to improve the understanding of the behaviour of the components in use, with a view to increasing the efficiency and output of wind turbines, whilst reducing the requirement for unplanned maintenance.

In addition to the company's established Incremental Motion Encoder (IME) system, GyroMetric has filed a patent application post year end for a new method of measuring the axial movement of rotating shafts which matches the reliability achieved by its digital radial measurement method.

Further applications in other industrial sectors are being considered as the company works to strengthen its sales and marketing resources.

The majority investment in Gyrometric provides shareholders with meaningful participation in a unique technology which is now demonstrating clear potential to transform remote monitoring of rotating shafts in a large number of settings globally. The Group's investment in GyroMetric will continue to be developed through close operational support and involvement. We believe that GyroMetric will become a significant component of accretive shareholder value over the coming months.

The GyroMetric system is able to measure the runout (positioning error) of bearings to one tenth of a micron (0.0001 mm) at speeds of up to 20,000 revolutions per minute. The unique ability of the GyroMetric system to do this reliably over a wide range of speeds and shaft sizes makes the system applicable to most industrial applications.

As previously announced, GyroMetric will be conducting trials for two major wind turbine manufacturers, the first of which is expected to start shortly, with further material progress and commercial developments expected in relation to both these opportunities.

GyroMetric has recently signed a contract for a technical cooperation with a major UK supplier to the energy and petrochemical industries to develop applications for GyroMetric's unique systems. Also, as a result of the recent successful recruitment of a Technical Sales Director, a number of promising opportunities in new sectors, where lead times are typically shorter, are already being pursued.

Although GyroMetric did not generate any revenues in 2018, sales to new and existing customer have been achieved in 1H 2019 and the Board remains excited by the opportunities at GyroMetric, both in the wind industry and in new sectors.



**CHAIRMAN'S STATEMENT (continued)**

**Financial Review**

**Change of presentational currency to Sterling**

The financial statements are presented in Sterling (GBP), which is considered to be the Group's functional and presentational currency.

The functional and presentational currency has been changed with effect from 1 January 2018 from US dollars to Sterling as disclosed in note 2(f). The change in functional currency reflects the fact that the Group's training and US activities have been closed and Geocurve and GyroMetric are now the main trading entities within the Group. All of Geocurve's contracts are with UK customers and are invoiced in Sterling. The vast majority of the Group's expenses are now also in Sterling. Therefore, Sterling is considered to be the functional currency.

**Financial Overview**

During the year the Group recorded revenues of £857,970 compared with £788,718 for the year ended 31 December 2017. The operating loss for the year ended 31 December 2018 was £1,081,879 (year ended 31 December 2017: £2,148,774). Administrative expenses amounted to £1,415,446 (year ended 31 December 2017 restated: £2,209,385), see table and the bullet points below for details in relation to the reduction in administrative expenses. The loss after tax for the year was £1,122,834 (year ended 31 December 2017: £1,897,479). The loss per share (after consolidation of the share capital) was 0.35 pence (2017: loss per share after consolidation of share capital of 1.82 pence).

- The total revenue figure £857,970 for December 2018 relates to Geocurve, no revenues were generated by GyroMetric during 2018. In 2017 £638,203 was generated by Geocurve and the remaining £150,515 by the closed operations. Geocurve secured a £1.1m contract at the beginning of 2018 to survey the Thames. A significant investment of manpower was required to get the Thames project running successfully and efficiently; in Q3 2018 Geocurve was able to take on new projects alongside the Thames project. Approximately 80% of the initial phase of the Thames contract was invoiced in the year ended 31 December 2018
- Consolidated net assets at 31 December 2018 amounted to £668,683 (31 December 2017: £636,315).
- Cash balances at the year-end amounted to £109,381 (2017: £502,998).
- During the year the Company raised £744,230 net of costs through the issue of new shares.
- Operational salaries incurred in Geocurve amounting to £374,446 have been reclassified from administrative expenses to cost of sales in 2018. A comparative adjustment of £359,194 for 2017 has also been made for consistency. The reclassification took place as a result of a reconsideration of what constituted direct costs by the new management.
- Significant administrative cost reductions were achieved in comparison with 2017, both by reducing costs in the continuing operations as well as by closing the training and US businesses:



CHAIRMAN'S STATEMENT (continued)

		<b>2017</b>		
	<b>2018 (£)</b>	<b>(restated)</b>	<b>Reduction</b>	<b>Reduction</b>
		<b>(£)</b>	<b>(£)</b>	<b>(%)</b>
Audit and accountancy fees	52,067	187,620	(135,553)	72%
Plc costs (broker, Nomad, PR & Marketing)	146,949	220,339	(73,390)	33%
Board costs	157,732	337,158	(179,426)	53%
Other	499,668	441,892	57,776	13%
<b>Sub Total</b>	<b>856,416</b>	<b>1,187,009</b>	<b>(330,593)</b>	<b>28%</b>
Costs of operations closed in 2018	164,826	587,326		
Depreciation & Impairments	394,204	435,050		
<b>Total Administrative Expenses</b>				
<b>(as per statement of comprehensive income)</b>	<b>1,393,791</b>	<b>2,209,385</b>		

- The reduction in audit and accountancy fees is due to a new financial planning and control system implemented during the period.
- Depreciation increased to £151,670 (2017: £61,772) as a result of additional depreciation following the acquisition of the Pegasus II equipment by Geocurve at the beginning of March 2018.
- Impairments of £267,266 relates to the release of goodwill arising from the acquisition of Geocurve in 2015 and GyroMetric in 2018 on a straight-line basis over 5 years.
- Geocurve became the first company in the UK, and one of only a few companies in Europe, to acquire a Pegasus II multi-sensor surveying system which has world leading surveying capabilities and opens up many business opportunities. The system, with an acquisition value of £0.5m, was acquired on 19 February 2018 from Academy Leasing Ltd.
- 67% of the Pegasus II equipment finance was paid during the year ended December 2018 with the remaining finance to be paid before the end of 2019. The prompt payment of finance is again part of the initiative to drive down costs.
- On 30 April 2018, Remote Monitored Systems granted a total of 100,000,000 options (5,000,000 after consolidation of share capital) to subscribe for ordinary shares in the Company ("Options") to certain employees. The Options can be exercised in whole or in part, subject to meeting revenue and profit based vesting conditions, at any time up to the fifth anniversary of grant at a price of 0.06p per option (1.2p after consolidation of share capital), subject to the overriding condition that no Option may be exercised unless the quoted price of the Company's ordinary shares is at least 2.0p.
- In April 2018, the Group announced the acquisition of 36.9% of the enlarged share capital of GyroMetric for a cash consideration of £250,000. In August 2018, the Group announced a further investment of £273,600 (funded by issuing new share capital) in GyroMetric increasing the shareholding from 36.9% to 57.8% and thus gained control of the entity. The investment in GyroMetric provides the Group's shareholders with a stake in a new and unique technology with promising prospects. The Group's investment in GyroMetric will continue to be developed through close operational support and involvement. GyroMetric will be an important component of growth and shareholder value in the months and years ahead.



**CHAIRMAN'S STATEMENT (continued)**

Following the year end, the Group raised £350,000 to support the growth of the Group's core areas of business, to provide working capital, and to leave the Company free of debt apart from the remaining payments for the Pegasus equipment. A total of 53,846,154 ordinary shares of 0.2p nominal value each were placed with investors at 0.65p per share.

**Consolidation of share capital**

A resolution was passed at the Group's AGM on 29 June 2018 to consolidate every 20 ordinary shares of 0.01p each in the issued share capital of Remote Monitored Systems into one ordinary share of 0.2p each. The EPS calculated as part of the consolidated statement of comprehensive income reflects the consolidated share capital and the prior year EPS calculations have been adjusted for the share consolidation for comparative purposes.

**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.

A handwritten signature in black ink that reads 'Nigel B' with a horizontal line underneath.

Nigel Burton  
Non-Executive Chairman



**STRATEGIC REPORT**

The Directors present their Strategic Report on the Group for the year ended 31 December 2018.

**Principal activities and business review**

The principal activity of Remote Monitored Systems plc (the “Company”) and its subsidiaries (together the “Group”) is the provision of specialist surveys and inspections & developing and manufacturing digital monitoring and safeguarding systems for rotating shafts.

The year under review represents the fifth year of trading for the Group. During 2018 the Group sought to grow via existing business development. The Group’s focus is now centred on growing the Geocurve business and investing in and providing world leading technological services with the potential through data and analysis to revolutionise monitoring and inspection services in high value and mission critical environments. This will provide the foundation for subsequent years, the details of which are outlined in the Chairman’s Statement.

**Financial review**

The Group recorded revenues of £857,970 (31 December 2017 (restated): £788,718) generating a gross profit of £348,450 (31 December 2017 (restated): £339,764). The loss for the year to 31 December 2018, after taxation was £1,122,834 (31 December 2017 (restated): £1,897,479).

Revenues for the year of £857,970 were derived from the Geocurve business (31 December 2017 (restated): £638,203 related to Geocurve and £150,515 from closed operations). Administrative expenses amounted to £1,415,446 (31 December 2017 (restated): £2,209,385); a large portion of these costs comprised of wages and salaries, consultancy and professional fees.

Consolidated net assets at 31 December 2018 amounted to £668,683 (31 December 2017 (restated): £636,315). Cash balances at the year-end amounted to £109,381 (31 December 2017 (restated): £502,998).

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 29 of the Financial Statements.

**Key performance indicators**

	<b>Year ended 31 December 2018 £</b>	Year ended 31 December 2017 (restated) £
Revenue	<b>857,970</b>	788,718
Gross profit	<b>348,450</b>	339,764
Gross margin	<b>40.61%</b>	43.08%
Administrative expenses	<b>1,408,675</b>	2,209,385
Loss after tax for the year	<b>1,101,180</b>	1,897,479
Earnings per share (pence)	<b>(0.35)</b>	(1.82)
Net assets	<b>690,337</b>	636,315
Cash and cash equivalents	<b>109,381</b>	502,998

Operational salaries incurred in Geocurve amounting to £374,446 have been reclassified from administrative expenses to cost of sales in 2018. A comparative adjustment of £359,194 for 2017 has also been made for consistency. The reclassification took place because the salary costs are directly attributable to the supply of services by the entity.



## STRATEGIC REPORT (continued)

Administrative costs in 2018 were reduced from 2017 with the majority of savings made by cutting staff and consultancy costs in non-value-added business areas (see Chairman's Statement).

### Current trading and future developments

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

Geocurve, having experienced a slower than expected start to 2019, as explained above, has prioritised profitability over growth. Cost saving measures have been implemented with the intention of becoming self-financing in 2019, albeit with revenues expected to be lower than those in 2018.

In April 2018 the Group announced the acquisition of 37% of GyroMetric, subsequently increasing to 58% through further investment, which has developed a unique system for reliably collecting, analysing and monitoring digital data from rotating shafts over a wide range of speeds and shaft sizes.

GyroMetric which will be conducting trials for two major wind turbine manufacturers in 2H 2019, has recently signed a contract for a technical cooperation with a major UK supplier to the energy and petrochemical industries and as a result of the recent successful recruitment of a Technical Sales Director, a number of promising opportunities in new sectors, where lead times are typically shorter, are already being pursued.

The Group continues to review opportunities for complementary acquisitions involving data collection and analysis using the latest available technology including artificial intelligence and real time reporting using the internet of things.

### 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:

#### 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.

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.



**STRATEGIC REPORT (continued)**

**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 £25,000 and therefore the Directors intend to seek to raise additional funding in the immediate future. 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.

**This Strategic Report was approved by the Board of Directors and authorised for issue on 25 June 2019**

by:

A handwritten signature in black ink that reads 'Nigel B' with a horizontal line underneath.

**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 2018.

**General information**

The principal activity of Remote Monitored Systems plc (the "Company") and its subsidiaries (together the "Group") is the provision of specialist surveys and inspections & developing and manufacturing digital monitoring and safeguarding systems for rotating shafts.

**Dividends**

The Directors do not recommend payment of a dividend (31 December 2017: £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 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:

	<b>Ordinary Shares Interest at 31 December 2018 (consolidated) No.</b>	<b>Ordinary Shares Interest at 31 December 2017 (consolidated) No.</b>	<b>Warrants Interest at 31 December 2018 (consolidated) No.</b>	<b>Warrants Interest at 31 December 2017 (consolidated) No.</b>
Graham Peck <sup>1</sup>	333,477	333,477	-	-
Iain McLure <sup>2</sup>	7,142,857	7,142,857	5,000,000	5,000,000
Gerard Dempsey <sup>3</sup>	-	1,278,000	1,250,000	1,250,000
Paul Ryan <sup>4</sup>	16,963,388	16,963,388	5,500,000	5,500,000
Trevor Brown	42,857,143	42,857,143	-	21,428,571
Nigel Burton <sup>5</sup>	10,714,286	-	-	-

1. Includes 50,000 shares held by the wife of Graham Peck. Resigned 29 January 2018
2. Includes 2,142,857 ordinary shares held by Scotnl Consulting B.V., a company controlled by Mr McLure Resigned 29 January 2018
3. Resigned 12 January 2018
4. Shares held by Warande1970 BVBA, a company controlled by Mr Ryan
5. Appointed 12 January 2018

**Major shareholdings**

The closing mid-market price of the Company's Ordinary 0.2p Shares at 31 December 2018 was 0.73p. Shareholders holding more than 3% of the Company's shares at the date of this report were:

	<b>Ordinary shares</b>	<b>%</b>
Trevor Brown	88,241,757	22.8
Stephen Paul Jones	51,904,885	13.4
Nigel Burton	26,098,900	6.8
Paul Ryan	16,963,388	4.4



## DIRECTORS' REPORT (continued)

### 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 19. Since 31 December 2018 the Company has raised additional capital as set out below. Further information is set out in note 29 to the Financial Statements.

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. As at 31 May 2019, the group had cash and cash equivalents totalling £48,360.

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, Geocurve is expected to be self-funding in 2019. 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 £25,000 and therefore the Directors intend to seek to raise additional funding in the immediate future. 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

On 17 January 2019 the Company issued 53,846,154 new ordinary shares of 0.2p each at a price of 0.65p per share raising £350,000. Certain directors took part in the placing, subscribing to 15,384,615 shares each.

### EU Referendum

The main trading entities, Geocurve and GyroMetric, operate in the UK and Europe. It is not yet clear if or when the UK will leave the EU nor what impact this may have on the Group. Turnover to the Rest of the EU is currently £nil, but a small proportion of GyroMetric's sales leads are in Continental Europe. The hesitancy of some customers to spend money before the final Brexit decision is made has had an impact on the growth of both Geocurve and GyroMetric. The Directors will continue to monitor the situation closely and act accordingly.



**DIRECTORS' REPORT (continued)**

**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.

**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.

PKF Littlejohn LLP has expressed a willingness to continue in office as auditor.

By Order of the Board

A handwritten signature in black ink that reads 'Nigel B' with a horizontal line underneath.

**Nigel Burton**

Chairman and Non-Executive Director  
24 June 2019



**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 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 Burton**  
Chairman and Non-Executive Director  
24 June 2019



## **CORPORATE GOVERNANCE STATEMENT**

As at 31 December 2018

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's 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.

The key governance related matters that occurred during the financial year ended 31 December 2018 were the retirement of Graham Peck, Iain McLure and Gerard Dempsey as directors of the Company and from all their positions within the Company, and the appointment of Dr Nigel Burton to the Board as Non-Executive Director in January 2018.

### **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 both Geocurve and GyroMetric 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. Investors also have access to current information on the Company through its website, [www.remotemonitoredsystems.com](http://www.remotemonitoredsystems.com), and via Trevor Brown, CEO who is available to answer investor relations enquiries.



**CORPORATE GOVERNANCE STATEMENT (continued)**

As at 31 December 2018

**Principle Three**

*Considering wider stakeholder and social responsibilities*

The Board recognises that the longterm 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	Control(s)
<b>Management</b>	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment Balancing salary with longer term incentive plans
<b>Regulatory adherence</b>	Breach of rules	Censure or withdrawal of authorisation	Strong compliance regime instilled at all levels of the Company
<b>Strategic</b>	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
<b>Financial</b>	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)**

As at 31 December 2018

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. Both the CEO and 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 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.

*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 Director's 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)**

As at 31 December 2018

**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 a director of Flying Brands plc and a Non-executive Director of Braveheart Investment Company plc. Trevor joined the Board as an Executive Director in December 2017 and became the Chief Executive Officer in January 2018.

**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 of a number of private and public companies, including Navig8 Product Tankers Inc, PetroSaudi Oil Services Limited, Advanced Power AG, and Granby Oil and Gas plc. Nigel is currently Non-Executive Chairman of AIM-listed Regency Mines plc and a Non-Executive Director of AIM-listed Digitalbox plc and Tau Capital plc, and was Chief Executive Officer of Nu-Oil and Gas plc until January 2019. 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.

**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.

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.



**CORPORATE GOVERNANCE STATEMENT (continued)**

As at 31 December 2018

**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 recognises that their 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 to successfully achieve its corporate objectives.

The Board places great import 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 at both Geocurve and GyroMetric. 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 2017 the Audit and Compliance Committee was chaired by Paul Ryan. Since his appointment in January 2018 Dr Nigel Burton joined Mr Ryan on the Committee. 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 Trevor Brown, 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)**

As at 31 December 2018

*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.

Investors also have access to current information on the Company through its website, [www.remotemonitoredsystems.com](http://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.

**Paul Ryan**  
Non-Executive Director  
24 June 2019



## 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 co-ordination 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 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 aim 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 2019 AGM.

**Paul Ryan**  
*Chairman of the Audit Committee*  
24 June 2019



## 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 deferred part of their remuneration and in 2019 consideration will be given to whether it would be appropriate to take a portion of their remuneration in shares or warrants.

Options were awarded to a number of senior employees in May 2018.

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 Directors’ report.

A handwritten signature in black ink, appearing to read 'P Ryan', written over a horizontal line.

**Paul Ryan**  
*Chairman, Remuneration Committee*  
24 June 2019



## INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2018

### 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 2018 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 Statements of Cash Flow 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 2018 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 £1,019,242 during the year ended 31 December 2018 and at that date, the Group held net assets of £806,578.

The Financial Statements have been prepared on the going concern basis, which depends on the timing of new customer contracts and the receipt of new 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.



**INDEPENDENT AUDITOR’S REPORT (continued)**

For the year ended 31 December 2017

**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 as £33,000 based upon gross assets. Materiality for the parent company financial statements was also £33,000 with the same benchmark being used.

Gross assets were considered to be a key benchmark as the most significant balances for the Group are the intangible assets, PPE and trade receivable balances. As a result, gross assets are deemed to be the most suitable basis for materiality. The Group is still in the growth stage of its lifecycle and therefore revenue and PBT were not deemed to be suitable.

**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 is based from one location in the United Kingdom. All material subsidiaries were within our audit scope and audited at this location.

**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.

Key Audit Matter	How the scope of our audit responded to the key audit matter
<p><b>Impairment of Intangible assets</b></p>	
<p><b>The Group carries a material amount of intangible assets (£801,111) that have arisen from business combinations.</b></p> <p><b>There is a risk that the intangible assets are impaired and are overstated within the financial statements.</b></p>	<p>Our work included but was not restricted to:</p> <ul style="list-style-type: none"> <li>▪ Reviewing and challenging management’s value in use calculations including the rationale behind any inputs used;</li> <li>▪ Considering management’s strategy including all notifications made to the market concerning business lines that have been discontinued;</li> <li>▪ Discussing and challenging the basis of key assumptions with management, in particular, regarding revenue, margins and cashflow forecasts;</li> <li>▪ Performing sensitivity analysis on changes in key assumptions;</li> <li>▪ Considering internal and external impairment indicators; and</li> </ul>



	<ul style="list-style-type: none"> <li>Assessed the accuracy of managed budgets and forecasts used in prior calculations.</li> </ul>
<p><b>Revenue Recognition</b></p>	
<p><b>Historically the Group has incurred revenue across a variety of income streams. In 2018 the Group focused on providing contract specific surveying services.</b></p> <p><b>2018 is the first year that the Group will have adopted IFRS 15 “Revenue from Contracts with Customers”.</b></p> <p><b>There is the risk that the revenue has been recognised incorrectly.</b></p>	<p>Our work included but was not restricted to:</p> <ul style="list-style-type: none"> <li>Updating our understanding of the internal control environment in operation for the significant revenue stream and undertaking a walk-through to ensure that the key controls within these systems have been operating in the period under audit;</li> <li>Substantive transactional testing of revenue recognised in the Financial Statements;</li> <li>Reviewing the key contractual terms and terms of business with customers to identify the material performance obligations;</li> <li>A review of managements workings and assessment of the impact on IFRS 15 on the Group’s financial statement as well as reviewing all related disclosures; and</li> <li>A review of post-year end invoices, credit notes and cash receipts to ensure completeness of income recorded in the accounting period.</li> </ul>
<p><b>Valuation and impairment of investments</b></p>	
<p><b>The carrying value of investments in subsidiaries was (£1,478,494) in the parent company financial statements.</b></p> <p><b>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.</b></p>	<p>Our work included but was not restricted to:</p> <ul style="list-style-type: none"> <li>Verifying the ownership of investments held;</li> <li>Discussing with management the basis for impairment or non-impairment, including consideration of business strategy for the subsidiaries, and challenging any assumptions made thereon;</li> <li>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</li> <li>Reviewing the impairment indicators per IFRS and assessing how management applied to these to the investments held.</li> </ul>
<p><b>The acquisition of GyroMetric Systems Limited (“GyroMetric”)</b></p>	
<p><b>The Company initially gained significant influence in GyroMetric through acquiring 36.9% of the share capital in April 2018 and then increasing its stake to 57.8% of the share capital and thereby gaining control in August 2018.</b></p> <p><b>The acquisition is classified as a step acquisition per IFRS and was settled through the issuance of shares and convertible loan notes.</b></p> <p><b>There is the risk that the acquisition has not been accounted for correctly and the</b></p>	<p>Our work included;</p> <ul style="list-style-type: none"> <li>Verification of ownership for each stage of the acquisition and confirmation of control being obtained;</li> <li>Obtaining management’s calculation of the fair value of net assets at acquisition and challenging management’s assumptions and judgements thereon;</li> <li>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</li> </ul>



**required disclosures have not been made within the financial statements.**

- 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](http://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.

**Joseph Archer (Senior Statutory Auditor)  
For and on behalf of PKF Littlejohn LLP  
Statutory Auditor**

1 Westferry Circus  
Canary Wharf  
London E14 4HD

24 June 2019



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2018

	Note	Year ended 2018 £	Year ended 2017 Restated £
<b>Continuing operations</b>			
Revenue	5	857,970	788,718
Cost of sales		(509,520)	(448,954)
<b>Gross profit</b>		<b>348,450</b>	339,764
Administrative expenses	6	(1,148,180)	(2,209,385)
Other income		7,371	23,494
(Loss)/gain on foreign exchange	6	(2,754)	14,426
Impairment	6	(245,612)	(155,796)
Share option charge	21	(19,500)	(161,277)
<b>Operating loss</b>		<b>(1,060,225)</b>	(2,148,774)
Finance costs	10	(4,216)	(77,238)
Finance income		7	12
Loss on change of ownership interests		(42,273)	-
<b>Loss before income tax</b>		<b>(1,106,707)</b>	(2,226,000)
Income tax credit	11	5,527	328,521
<b>Loss for the year</b>		<b>(1,101,180)</b>	(1,897,479)
<b>Other Comprehensive Income</b>			
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Currency translation differences		47,547	96,004
<b>Total comprehensive income for the year, net of tax</b>		<b>(1,053,633)</b>	(1,801,475)
<b>Loss attributable to:</b>			
Equity holders of the parent		(1,062,433)	(1,897,479)
Non-controlling interests		(38,747)	-
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		(1,014,886)	(1,801,475)
Non-controlling interests		(38,747)	-
<b>Earnings per ordinary share attributable to owners of the parent during the year (expressed in pence per share)</b>			
<b>Basic and diluted</b>	12	<b>(0.35)</b>	(1.82)

The loss for the financial year dealt with in the financial statements of the Parent Company, Remote Monitored Systems plc, was £830,171 (2017: loss of £2,897,118). 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 34 to 67 form part of these Financial Statements.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2018

	Note	2018 £	2017 Restated £	2016 Restated £
<b>Non-current assets</b>				
Intangible assets	13	822,765	674,654	1,131,918
Property, plant and equipment	14	504,488	88,291	145,257
<b>Total non-current assets</b>		<b>1,327,253</b>	762,945	1,277,175
<b>Current Assets</b>				
Trade and other receivables	17	254,531	187,633	170,440
Corporation tax		300	146,347	-
Inventories		18,090	-	-
Cash and cash equivalents	18	109,381	502,998	2,318
<b>Total current assets</b>		<b>382,302</b>	836,978	172,758
<b>TOTAL ASSETS</b>		<b>1,709,555</b>	1,599,923	1,449,933
<b>Equity attributable to owners of the parent</b>				
Share capital	19	4,791,747	4,512,087	2,743,240
Share premium	19	6,330,629	5,583,109	4,790,405
Other reserves	21	(298,454)	(253,109)	(414,386)
Translation reserve		92,181	44,634	(51,370)
Retained loss		(10,247,994)	(9,250,406)	(7,352,927)
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>668,109</b>	636,315	(285,038)
Non-controlling interests		22,228	-	-
<b>TOTAL EQUITY</b>		<b>690,337</b>	636,315	(285,038)
<b>Current liabilities</b>				
Trade and other payables	22	404,262	517,233	894,942
Social security and other taxes		235,650	192,855	178,230
Borrowings	23	166,666	117,807	80,000
<b>Total current liabilities</b>		<b>806,578</b>	827,895	1,153,172
<b>Non-current liabilities</b>				
Other payables		6,312	-	-
Borrowings	23	-	-	338,485
Deferred tax liabilities	24	206,328	135,712	243,314
<b>Total non-current liabilities</b>		<b>212,640</b>	135,712	581,799
<b>TOTAL LIABILITIES</b>		<b>1,019,218</b>	963,607	1,734,970
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,709,555</b>	1,599,923	1,449,933

The notes on pages 34 to 67 form part of these Financial Statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 24 June 2019 and were signed on its behalf by:

**Nigel Burton**  
Non-Executive Director



**PARENT COMPANY STATEMENT OF FINANCIAL POSITION**

As at 31 December 2018

Company number: 09109008

	Note	2018 £	2017 Restated £	2016 Restated £
<b>Non-current assets</b>				
Intangible assets	13	-	-	75,000
Property, plant and equipment	14	<b>12,325</b>	2,134	2,087
Investment in subsidiary undertakings	15	<b>1,289,509</b>	954,894	954,894
Trade and other receivables	17	<b>610,423</b>	417,582	1,383,027
<b>Total non-current assets</b>		<b>1,912,257</b>	1,374,610	2,415,008
<b>Current Assets</b>				
Trade and other receivables	17	<b>33,486</b>	39,289	60,740
Corporation tax		-	112,358	-
Cash and cash equivalents	18	<b>11,378</b>	481,638	1,674
<b>Total current assets</b>		<b>44,863</b>	633,285	62,414
<b>TOTAL ASSETS</b>		<b>1,957,121</b>	2,007,895	2,477,422
<b>Equity attributable to shareholders</b>				
Share capital	19	<b>4,791,747</b>	4,512,087	2,743,240
Share premium	19	<b>6,330,629</b>	5,583,109	4,790,405
Other reserves	21	<b>201,545</b>	246,890	85,613
Retained loss		<b>(9,524,637)</b>	(8,759,311)	(5,862,193)
<b>TOTAL EQUITY</b>		<b>1,799,284</b>	1,582,775	1,757,065
<b>Current liabilities</b>				
Trade and other payables	22	<b>157,837</b>	311,894	637,353
Social security and other taxes		-	3,226	3,004
Borrowings	23	-	110,000	80,000
<b>Total current liabilities</b>		<b>157,837</b>	425,120	720,357
<b>TOTAL LIABILITIES</b>		<b>157,837</b>	425,120	720,357
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,957,121</b>	2,007,895	2,477,422

The notes on pages 34 to 66 form part of these Financial Statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 24 June 2019 and were signed on its behalf by:

**Nigel Burton**  
Non-Executive Chairman



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2018

	Share capital £	Share premium £	Other reserves £	Translation reserve £	Retained loss £	Total £	Minority interests £	Total Equity £
<b>As at 1 January 2016 (restated)</b>	<b>1,420,639</b>	<b>3,992,889</b>	<b>(308,749)</b>	<b>74,182</b>	<b>(4,703,661)</b>	<b>475,300</b>	-	<b>475,300</b>
Loss for the year	-	-	-	-	(2,649,266)	(2,649,266)	-	(2,649,266)
<b>Other comprehensive income for the year</b>								
Currency translation difference	-	-	-	(125,552)	-	(125,552)	-	(125,552)
<b>Total comprehensive income for the year</b>	-	-	-	<b>(125,552)</b>	<b>(2,649,266)</b>	<b>(2,774,818)</b>	-	<b>(2,774,818)</b>
Proceeds from shares issued (net of costs) <sup>1</sup>	1,322,601	797,516	-	-	-	2,120,117	-	2,120,117
Share Based Payments issued <sup>2</sup>	-	-	79,320	-	-	79,320	-	79,320
Share Based Payments expired <sup>3</sup>	-	-	(184,957)	-	-	(184,957)	-	(184,957)
<b>Transactions with owners, recognised directly in equity</b>	<b>1,322,601</b>	<b>797,516</b>	<b>(105,637)</b>	-	-	<b>2,014,480</b>	-	<b>2,014,480</b>
<b>As at 31 December 2016 (restated)</b>	<b>2,743,240</b>	<b>4,790,405</b>	<b>(414,386)</b>	<b>(51,370)</b>	<b>(7,352,927)</b>	<b>(285,038)</b>	-	<b>(285,038)</b>
<b>As at 1 January 2017 (restated)</b>	<b>2,743,240</b>	<b>4,790,405</b>	<b>(414,386)</b>	<b>(51,370)</b>	<b>(7,352,927)</b>	<b>(285,038)</b>	-	<b>(285,038)</b>
Loss for the year	-	-	-	-	(1,897,479)	(1,897,479)	-	(1,897,479)
<b>Other comprehensive income for the year</b>								
Currency translation difference	-	-	-	96,004	-	96,004	-	96,004
<b>Total comprehensive income for the year</b>	-	-	-	<b>96,004</b>	<b>(1,897,479)</b>	<b>(1,801,475)</b>	-	<b>(1,801,475)</b>
Proceeds from shares issued (net of costs) <sup>1</sup>	1,768,847	644,553	-	-	-	2,413,400	-	2,413,400
Share Based Payments issued <sup>2</sup>	-	148,151	180,981	-	-	329,132	-	329,132
Share Based Payments expired <sup>3</sup>	-	-	(19,704)	-	-	(19,704)	-	(19,704)
<b>Transactions with owners, recognised directly in equity</b>	<b>1,768,847</b>	<b>792,704</b>	<b>161,277</b>	-	-	<b>2,722,828</b>	-	<b>2,722,828</b>
<b>As at 31 December 2017 (restated)</b>	<b>4,512,087</b>	<b>5,583,109</b>	<b>(253,109)</b>	<b>44,634</b>	<b>(9,250,406)</b>	<b>636,315</b>	-	<b>636,315</b>
<b>As at 1 January 2018</b>	<b>4,512,087</b>	<b>5,583,109</b>	<b>(253,109)</b>	<b>44,634</b>	<b>(9,250,406)</b>	<b>636,315</b>	-	<b>636,315</b>
Loss for the year	-	-	-	-	(1,062,433)	(1,062,433)	(38,747)	(1,101,180)
<b>Other comprehensive income for the year</b>								
Currency translation difference	-	-	-	47,547	-	47,547	-	47,547
<b>Total comprehensive income for the year</b>	-	-	-	<b>47,547</b>	<b>(1,062,433)</b>	<b>(1,014,886)</b>	<b>(38,747)</b>	<b>(1,053,633)</b>
Proceeds from shares issued (net of costs) <sup>1</sup>	279,660	747,520	-	-	-	1,027,180	-	1,027,180
Minority interests <sup>6</sup>	-	-	-	-	-	-	60,975	60,975
Share Based Payments issued <sup>4</sup>	-	-	19,500	-	-	19,500	-	19,500
Share Based Payments exercised <sup>5</sup>	-	-	(64,845)	-	64,845	-	-	-
<b>Transactions with owners, recognised directly in equity</b>	<b>279,660</b>	<b>747,520</b>	<b>(45,345)</b>	-	<b>64,845</b>	<b>1,046,680</b>	<b>60,975</b>	<b>1,107,655</b>
<b>As at 31 December 2018</b>	<b>4,791,747</b>	<b>6,330,629</b>	<b>(298,454)</b>	<b>92,181</b>	<b>(10,247,994)</b>	<b>668,109</b>	<b>22,228</b>	<b>690,337</b>

<sup>1</sup> Issue of shares during the year.

<sup>2</sup> Share Based Payments – Other warrants that have been issued in the previous financial year.

<sup>3</sup> Share Based Payments – Other are warrants that have expired in the previous financial year.

<sup>4</sup> Share Based Payments issued – Staff share options that have been issued in the current financial year.

<sup>5</sup> Share Based Payments exercised – Other are share options that have been exercised in the current financial year.

<sup>6</sup> Minority interests – non-controlling interest share in GyroMetric Systems Limited.

The notes on pages 34 to 66 form part of these Financial Statements



PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

As at 31 December 2018

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
<b>As at 1 January 2016 (restated)</b>	<b>1,420,639</b>	<b>3,992,889</b>	<b>191,250</b>	<b>(4,176,326)</b>	<b>1,428,452</b>
Loss for the year	-	-	-	(1,685,867)	(1,685,867)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,685,867)</b>	<b>(1,685,867)</b>
Proceeds from shares issued (net of costs) <sup>1</sup>	1,322,601	797,516	-	-	2,120,117
Share Based Payments issued <sup>2</sup>	-	-	79,320	-	79,320
Share Based Payments expired <sup>3</sup>	-	-	(184,957)	-	(184,957)
<b>Transactions with owners, recognised directly in equity</b>	<b>1,322,601</b>	<b>797,516</b>	<b>(105,637)</b>	<b>-</b>	<b>2,014,480</b>
<b>As at 31 December 2016 (restated)</b>	<b>2,743,240</b>	<b>4,790,405</b>	<b>85,613</b>	<b>(5,862,193)</b>	<b>1,757,065</b>
<b>As at 1 January 2017 (restated)</b>	<b>2,743,240</b>	<b>4,790,405</b>	<b>85,613</b>	<b>(5,862,193)</b>	<b>1,757,065</b>
Loss for the year	-	-	-	(2,897,118)	(2,897,118)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,897,118)</b>	<b>(2,897,118)</b>
Proceeds from shares issued (net of costs) <sup>1</sup>	1,768,847	644,553	-	-	2,413,400
Share Based Payments issued <sup>2</sup>	-	148,151	180,981	-	329,132
Share Based Payments expired <sup>3</sup>	-	-	(19,704)	-	(19,704)
<b>Transactions with owners, recognised directly in equity</b>	<b>1,768,847</b>	<b>792,704</b>	<b>161,277</b>	<b>-</b>	<b>2,722,828</b>
<b>As at 31 December 2017 (restated)</b>	<b>4,512,087</b>	<b>5,583,109</b>	<b>246,890</b>	<b>(8,759,311)</b>	<b>1,582,775</b>
<b>As at 1 January 2018</b>	<b>4,512,087</b>	<b>5,583,109</b>	<b>246,890</b>	<b>(8,759,311)</b>	<b>1,582,775</b>
Loss for the year	-	-	-	(830,171)	(830,171)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(830,171)</b>	<b>(830,171)</b>
Proceeds from shares issued (net of costs) <sup>1</sup>	279,660	747,520	-	-	1,027,180
Share Based Payments issued <sup>4</sup>	-	-	19,500	-	19,500
Share Based Payments exercised <sup>5</sup>	-	-	(64,845)	64,845	-
<b>Transactions with owners, recognised directly in equity</b>	<b>279,660</b>	<b>747,520</b>	<b>(45,345)</b>	<b>64,845</b>	<b>1,046,680</b>
<b>As at 31 December 2018</b>	<b>4,791,747</b>	<b>6,330,629</b>	<b>201,545</b>	<b>(9,524,637)</b>	<b>1,799,284</b>

<sup>1</sup> Issue of shares during the year.

<sup>2</sup> Share Based Payments – Other warrants that have been issued in the previous financial year.

<sup>3</sup> Share Based Payments – Other are warrants that have expired in the previous financial year.

<sup>4</sup> Share Based Payments issued – Staff share options that have been issued in the current financial year.

<sup>5</sup> Share Based Payments exercised – Other are share options that have been exercised in the current financial year.

The notes on pages 34 to 66 form part of these Financial Statements.



**CASH FLOW STATEMENTS**

As at 31 December 2018

	Note	Group 2018 £	Group 2017 (restated) £	Company 2018 £	Company 2017 (restated) £
<b>Cash Flows from Operating Activities</b>					
Loss for the year before tax		(1,101,180)	(2,226,000)	(830,171)	(3,009,476)
Depreciation of property, plant and equipment		151,670	61,772	2,859	521
Amortisation of intangible assets		-	370,896	-	30,000
Share based payments		19,500	309,428	19,500	309,428
Impairments		245,530	155,796	314,379	1,954,652
Non-cash directors' fees		110,000	-	110,000	-
Bad debts		32,645	-	-	52,312
Loss on change of ownership interests		42,273	-	-	-
Interest income		(7)	(12)	(7)	(9)
Finance costs		4,216	77,238	(10,878)	72,552
Foreign exchange		(26,752)	(14,426)	-	(37,082)
Taxation		140,480	71,977	112,358	-
(Increase) in inventories		(11,011)	-	-	-
Decrease/(Increase) in trade and other receivables		(18,933)	(17,193)	5,803	21,451
(Decrease) in trade and other payables		(204,359)	(279,557)	(158,964)	(319,229)
<b>Cash used in operations</b>		<b>(615,928)</b>	<b>(1,490,081)</b>	<b>(435,121)</b>	<b>(924,880)</b>
Interest expense		(4,216)	(77,238)	10,878	(72,552)
<b>Net cash used in operating activities</b>		<b>(620,144)</b>	<b>(1,567,319)</b>	<b>(424,243)</b>	<b>(997,432)</b>
<b>Cash Flows from Investing Activities</b>					
Purchases of property, plant and equipment	14	(536,031)	(56,157)	(13,050)	(568)
Proceeds from sale of property, plant and equipment		500	11,422	-	-
Interest income		7	12	7	9
Investment in subsidiaries		(250,000)	-	(250,000)	-
Loans to subsidiary undertakings		-	-	(417,204)	(965,445)
<b>Net cash (used in) from investing activities</b>		<b>(785,524)</b>	<b>(44,723)</b>	<b>(680,247)</b>	<b>(966,004)</b>
<b>Cash Flows from Financing Activities</b>					
Net proceeds from borrowings	23	500,000	37,807	-	30,000
Repayment of borrowings		(450,941)	(338,485)	(110,000)	-
Issue of shares, net of issue costs		744,230	2,413,400	744,230	2,413,400
<b>Net cash generated from financing activities</b>		<b>793,289</b>	<b>2,112,722</b>	<b>634,230</b>	<b>2,443,400</b>
Net (Decrease)/increase in cash and cash equivalents		(612,379)	500,680	(470,260)	479,964
Cash and cash equivalents at beginning of year		502,998	2,318	481,638	1,674
<b>Cash and cash equivalents at 31 December</b>	18	<b>109,381</b>	<b>502,998</b>	<b>11,378</b>	<b>481,638</b>
<b>Non-cash transactions</b>					
The principal non-cash transactions relate to:					
- Acquisition of subsidiary	16	273,600	-	273,600	-
		<b>273,600</b>	<b>-</b>	<b>273,600</b>	<b>-</b>

The notes on pages 34 to 66 form part of these Financial Statements.



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

**1 General information**

Remote Monitored Systems plc (the “Company”) and its subsidiaries (together the “Group”) undertake survey & inspection services, including data management & analytics. During 2017 the Group also provided training and education services, which were closed in early 2018. The Company is incorporated and domiciled in the UK and its registered office is Ground Floor, Tintagel House, London Road, Kelvedon, Essex, CO5 9BP.

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 £25,000 and therefore the Directors intend to seek to raise additional funding in the immediate future. 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.

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 which have been included in the financial budget for the years 2019-2023, 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.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

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 2018, 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 25.

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**

*(i) New and amended standards mandatory for the first time for the financial year beginning 1 January 2018*

<b>Standard</b>	<b>Impact on initial application</b>	<b>Effective date</b>
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
	Annual improvements 2014-2016	1 January 2018

The above new and amended standards are not considered to have a material impact on the Group or Company. Further details are included in the following notes:

- IFRS 9 2(j) and 2(k).
- IFRS 15 2(r)
- IFRS 2 (note 20)

*(ii) New standards, amendments and Interpretations in issue but not yet effective or not yet endorsed and not early adopted*

The standards and interpretations that are relevant to the Group or Company, issued, but not yet effective, up to the date of issuance of the Financial Statements are listed below. The Company and Group intend to adopt these standards, if applicable, when they become effective.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

<b>Standard</b>	<b>Impact on initial application</b>	<b>Effective date</b>
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IAS 28 (amendments)	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements	2015 – 2017 Cycle	1 January 2019
Amendments	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020*
IFRS 3 (amendments)	Business Combinations	1 January 2020*
IAS 1 and IAS 8 (amendments)	Definition of Material	1 January 2020*

\* *Subject to EU endorsement*

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group or Company.

The Group and Company are evaluating the impact of the new or amended standards above. Management have reviewed IFRS 16 in detail and they do not believe that they will have any material impact on the classification and measurement of leases in the financial statements.

The new or amended standards are not expected to have a material impact on the Group's or Company'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.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

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 significant intercompany transactions and balances between group entities are eliminated on consolidation.

When the Group ceases to consolidate a subsidiary as a result of losing control and the Group retains an interest in the subsidiary and the retained interest is an associate, the Group measures the retained interest at fair value at that date and the fair value is regarded as its cost on initial recognition. The difference between the net assets de-consolidated and the fair value of any retained interest and any proceeds from disposing of a part interest in the subsidiary is included in the determination of the gain or loss on disposal. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that subsidiary had directly disposed of the related assets or liabilities.

Associates are all entities over which the Group has significant influence but not control over the financial and operating policies.

References to joint venture agreements do not refer to arrangements which meet the definition of joint ventures under IFRS 11 “Joint Arrangements” and therefore these Financial Statements do not reflect the accounting treatments required under IFRS 11.

Investments in associates and jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group’s share of losses exceeds its interest in an equity-accounted investee the carrying amount of the investment, including any other unsecured receivables, is reduced to zero, and the recognition of further losses is discontinued, unless the Group has incurred obligations or made payments on behalf of the investee.

Unrealised gains on transactions between the Group and equity-accounted investees are eliminated to the extent of the Group’s interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in equity-accounted investees are recognised in profit or loss.

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.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carry amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

**(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.

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, three 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) Foreign currencies**

**Functional and presentation currency**

The functional and presentational currency has been changed with effect from 1 January 2018 from US dollars to Sterling. The change in functional currency reflects the fact that the Group's training and US activities have been discontinued with the closure of all US entities almost finalised, and Geocurve is now the main trading entity within the Group. All of Geocurve's contracts are with UK customers and are invoiced in Sterling. The vast majority of the Group's expenses are now also in Sterling. Therefore, Sterling is considered to be the functional currency. The change in functional currency has been adopted prospectively from 1 January 2018.

Prior year adjustment

The change in presentational currency is considered to be a change in the Group's accounting policies and has therefore been accounted for retrospectively as though the presentational currency of the Group was always Sterling. Opening equity as at 1 January 2016 and 1 January 2017 has been translated at historic rates, the Statement of Comprehensive Income has been translated at average rates for 2016 and 2017 and the Statement of Financial Position has been translated at the closing rate for 31 December 2016 and 31 December 2017. The Financial Statements have been retranslated from the Groups inception, therefore there are no gains/losses arising from the changes in presentational currency.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

### 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 software products controlled by the Company are recognised as intangible assets when the following criteria are met:

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



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

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 Income Statement 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 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.

The Group adopted IFRS 9 on 1 January 2018 and applied the standard prospectively. It noted no material change upon initial adoption.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**(j) Impairment of financial assets**

From 1 January 2018, 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 Statement of Cash Flows, 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; and
- “Retained earnings” represents retained losses.
- “Merger reserve” - The merger arose from 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”.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

- Share option and warrants reserve – represents the fair value of unexpired warrants at the issue date.

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 Income Statement over the year of the borrowings using the effective interest method.

**(q) Revenue recognition**

During 2018 the Group generated its revenue from the provision of survey services performed on a 'time and materials' basis. Revenues were recognised on these 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.

FRS 15 was adopted from 1 January 2018. There were no material changes to the revenue arising from the adoption.

Under IFRS 15, Revenue from Contracts with Customers, the five key points to recognise revenue have been assessed:

Step 1: Identify the contract(s) 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 obligation are not met then this is recognised as deferred revenue.

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. The Group currently has one material revenue stream, being the provision of



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

survey services in Geocurve Limited. There was no revenue recorded in GyroMetric Systems Limited during 2018.

### (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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the year of the lease.

## 3 Financial risk management

### i) 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.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**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 USD, 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.

ii) **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:



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**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, which have a carrying value as at 31 December 2018 of £801,111, 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 13).

**Change in functional and presentational currency**

The functional and presentational currency has been changed with effect from 1 January 2018 from US dollars to Sterling (Note 2(f)).

**Share Options**

The group issued 100,000,000 (5,000,000 post consolidation) employee share options on the 1 May 2018 at 0.06p (1.2p post consolidation) per option, exercisable when the Company’s ordinary shares are at least 0.10p (2p post consolidation).

The valuation of options uses the Black Scholes model and is detailed in Note 19. 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

**Goodwill**

Management review Goodwill year on year and consider the impairment.

**5 Segmental analysis**

Management considers that during 2018 there were two activities, being the provision survey and inspection services and developing and manufacturing digital monitoring and safeguarding systems for rotating shafts. During 2017, there were also two activities being survey and inspection services and aviation software, training, education services. This segmental analysis is reflected in the Consolidated Group Statements set out herein.

Total revenue comprises:

	2018	2017 (restated)
	£	£
Revenue from external customers:		
Survey & Inspection services	<b>857,970</b>	638,203
Aviation Training, Education & Software Services	-	150,515
Developing and manufacturing digital monitoring and safeguarding systems for rotating shafts	-	-
	<b>857,970</b>	<b>788,718</b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 December 2018

**5 Segmental analysis (continued)**

**2018**                      **2017**  
£                              (restated)  
   £

Revenues are generated in a number of countries analysed as to:

United Kingdom	<b>857,970</b>	636,782
Europe	-	16,570
United States of America	-	83,459
South East Asia	-	51,907
	<b>857,970</b>	<b>788,718</b>

	<b>2018</b>	<b>2017</b>
	£	(restated) £
The following customers generated more than 10% of the Group's revenue:		
Customer 1	<b>619,438</b>	236,832
Customer 2	<b>91,375</b>	126,244
Customer 3	-	62,027
Customer 4	-	61,336
Customer 5	-	39,978
	<b>710,813</b>	<b>526,417</b>

Carrying amount of assets

	<b>2018</b>	<b>2017</b>
	£	(restated) £
United Kingdom	<b>1,687,438</b>	1,561,558
United States of America	<b>463</b>	38,365
	<b>1,687,901</b>	<b>1,599,923</b>

Carrying amount of liabilities

	<b>2018</b>	<b>2017</b>
	£	(restated) £
United Kingdom	<b>824,127</b>	729,003
United States of America	<b>195,091</b>	234,604
	<b>1,019,218</b>	<b>963,607</b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**6 Operating expenses by nature**

	2018	2017 (restated)
	£	£
PR, marketing and advertising	8,587	35,783
Wages, salaries and other staff costs	546,807	706,252
Depreciation	151,670	61,772
Amortisation	-	370,896
Operating lease expenses	32,033	91,795
Professional and consultancy fees	206,839	458,483
Audit fees (note 9)	45,281	80,220
Share option (credit)/expense	19,500	161,277
Net foreign exchange loss/(gain)	2,754	(14,426)
Impairment	245,612	155,796
Other expenses	156,963	404,184
	<b>1,416,046</b>	<b>2,512,032</b>

**7 Staff costs**

The average number of employees, including Directors, was:

	2018 (Group)	2018 (Parent)	2017 (Group)	2017 (Parent)
	No.	No.	No.	No.
Directors	5	3	4	4
Development	12	-	12	-
Administration	4	-	5	-
	<b>21</b>	<b>3</b>	<b>21</b>	<b>4</b>

Employees', including Directors', costs comprise:

	2018 (Group)	2018 (Parent)	2017 (Group) (restated)	2017 (Parent) (restated)
	£	£	£	£
Wages, salaries and other staff costs	850,611	152,471	995,513	335,225
Social security costs	70,643	5,261	69,933	11,123
	<b>921,254</b>	<b>157,732</b>	<b>1,065,446</b>	<b>346,348</b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 December 2018

**8 Directors**

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

Group	2018			2017 (restated)		
	Short term employee benefits £	Other £	Total £	Short term employee benefits £	Other £	Total £
Iain McLure	10,967	-	10,967	139,459	6,366	145,825
Gerard Dempsey	-	-	-	48,000	1,592	49,592
Paul Ryan	48,000	2,765	50,765	184,021	7,003	191,024
Trevor Brown	48,000	-	48,000	-	37,102	37,102
Nigel Burton	48,000	-	48,000	-	-	-
	<b>154,967</b>	<b>2,765</b>	<b>157,732</b>	<b>371,480</b>	<b>52,064</b>	<b>423,544</b>

Iain McClure was paid short term employee benefits of £3,000 through a service company, ScotNL Consulting B.V, in 2018. Paul Ryan was paid short term employee benefits of £48,000 through a service company, Warande1970 BVBA, in 2018.

Gary Nel, former director of Geocurve Limited, is also considered to be Key Management during the Year Ended 31 December 2018 and was paid short term employee benefits of £164,754 (2017 - £89,916).

**9 Auditors remuneration**

	2018 £	2017 (restated) £
Fees payable to the Company's auditor for the audit of the Group and Parent Company's Financial Statements	39,651	36,000
Fees payable to the Company's auditor for other services:		
Interim accounts and retranslation review	3,500	-
Taxation - compliance	2,130	7,698
	<b>45,281</b>	<b>43,698</b>

**10 Finance costs**

	2018 £	2017 (restated) £
Interest payable and other finance costs	4,216	77,238
	<b>4,216</b>	<b>77,238</b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**11 Tax**

No income tax charge was recognised in profit or loss due to losses incurred.

<b>Group</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>(restated)</b>
		<b>£</b>
<b>Income tax</b>		
<b>Current tax</b>		
UK Corporation tax credit	<b>(76,142)</b>	(212,590)
<b>Deferred tax</b>		
Current year	<b>70,616</b>	(115,931)
<b>Tax credit</b>	<b>(5,527)</b>	(328,521)

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:

<b>Group</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>(restated)</b>
		<b>£</b>
Loss before tax	<b>(1,063,516)</b>	(2,226,000)
Tax at the applicable rate of 19.15% (31 December 2017: 21.74%):	<b>(203,663)</b>	(483,932)
Effect of:		
Expenses not deductible for tax purposes	<b>61</b>	5,860
Depreciation in excess of capital allowances	<b>79,337</b>	94,595
R&D tax credit	<b>(71,023)</b>	(218,324)
Fixed asset timing differences	<b>70,616</b>	(115,931)
Net tax effect of losses carried forward	<b>119,145</b>	389,211
Tax credit for the year	<b>(5,527)</b>	(328,521)

The tax rate used is 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 Group has tax losses of approximately £4,569,000 (31 December 2017: £3,505,000) 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 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.

Since the year end, warrants have been exercised which may result in the dilution of the earnings per share in the future. Details of share options and warrants that were anti-dilutive but may be dilutive in the future are set out in note 20.



NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

12 Earnings per share (continued)

	2018	2017 (restated)
	£	£
<b>Basic and Diluted</b>		
Loss after taxation	<b>(1,062,433)</b>	(1,897,479)
Weighted average number of shares	<b>301,503,017</b>	103,983,747
Earnings per share (pence)	<b>(0.35)</b>	(1.82)

13 Intangible assets

	2018	2017 (restated)	2016 (restated)	
	£	£	£	
<b>Goodwill – Cost and Net Book Value</b>				
<b>Cost</b>				
At 1 January	<b>9,834</b>	9,834	9,834	
Additions (note 16)	<b>324,812</b>	-	-	
<b>At 31 December</b>	<b>334,646</b>	9,834	9,834	
<b>Net book value At 31 December</b>	<b>334,646</b>	9,834	9,834	
	<b>Customer Lists</b>	<b>Intellectual Property</b>	<b>Development Costs</b>	<b>Total</b>
<b>Other intangibles – Group</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 January 2016 (restated)	364,972	575,800	745,117	1,685,889
Arising on acquisitions	-	-	734	734
Foreign exchange differences	5,255	38,237	6,504	49,996
<b>At 31 December 2016 (restated)</b>	<b>370,227</b>	<b>614,037</b>	<b>752,355</b>	<b>1,736,619</b>
Disposal	-	(150,000)	(379,537)	(529,537)
<b>At 31 December 2017 (restated)</b>	<b>370,227</b>	<b>464,037</b>	<b>372,818</b>	<b>1,207,082</b>
Arising on acquisition	-	73,000	-	73,000
Disposal	-	(4,170)	-	(4,170)
<b>At 31 December 2018</b>	<b>370,227</b>	<b>532,867</b>	<b>372,818</b>	<b>1,275,912</b>
<b>Accumulated impairment</b>				
At 1 January 2016 (restated)	19,426	57,628	123,719	200,773
Impairment	86,524	134,380	192,858	413,762
<b>At 31 December 2016 (restated)</b>	<b>105,950</b>	<b>192,008</b>	<b>316,577</b>	<b>614,535</b>
Impairment	87,339	98,127	185,430	370,896
Disposal	-	(105,000)	(338,169)	(443,169)
<b>At 31 December 2017 (restated)</b>	<b>193,289</b>	<b>185,135</b>	<b>163,838</b>	<b>542,262</b>
Adjustment	-	-	(81)	(81)
Impairment	72,630	86,998	85,984	245,612
<b>At 31 December 2018</b>	<b>265,919</b>	<b>272,133</b>	<b>249,741</b>	<b>787,793</b>
<b>Net book value</b>				
<b>At 31 December 2016</b>	<b>264,277</b>	<b>422,029</b>	<b>435,778</b>	<b>1,122,084</b>
<b>At 31 December 2017</b>	<b>176,938</b>	<b>278,902</b>	<b>208,980</b>	<b>664,820</b>
<b>At 31 December 2018</b>	<b>104,308</b>	<b>260,734</b>	<b>123,077</b>	<b>488,119</b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**13 Intangible assets (continued)**

The below intangible assets comprise the Intellectual Property acquired on 16 July 2014 and 30 September 2015.

<b>Other intangibles – Company</b>	<b>Intellectual Property £</b>
<b>Cost</b>	
At 1 January 2016 (restated)	179,985
Foreign exchange differences	(29,985)
<b>At 31 December 2016 (restated)</b>	<b>150,000</b>
Disposal	(150,000)
<b>At 31 December 2017 (restated)</b>	<b>-</b>
<b>At 31 December 2018</b>	<b>-</b>
<b>Accumulated amortisation</b>	
At 1 January 2016 (restated)	53,923
Impairment	32,969
Foreign exchange differences	(11,892)
<b>At 31 December 2016 (restated)</b>	<b>75,000</b>
Impairment	30,000
Disposal	(105,000)
<b>At 31 December 2017 (restated)</b>	<b>-</b>
<b>At 31 December 2018</b>	<b>-</b>
<b>Net book value</b>	
<b>At 31 December 2016</b>	<b>75,000</b>
<b>At 31 December 2017</b>	<b>-</b>
<b>At 31 December 2018</b>	<b>-</b>

The recoverable amount of the above cash-generating units has been determined based on value in use calculations. The key assumptions used for value-in-use calculations in 2018 are as follows:

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

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 discount rates used are pre-tax, and reflect specific risks relating to the relevant operating segment.

The recoverable amount calculated based on value in use did not exceed the carrying value.



NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

14 Property, Plant and Equipment

Group	Plant & equipment £	Software £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1 January 2016 (restated)	344,164	5,841	80,768	430,773
Additions	21,498	1,168	5,229	27,895
<b>At 31 December 2016 (restated)</b>	<b>365,662</b>	<b>7,009</b>	<b>85,997</b>	<b>458,668</b>
Additions	48,157	-	8,000	56,157
Disposals	(130,909)		(24,425)	(155,334)
Foreign exchange differences & reclassification	5,488	(7,009)	(30,332)	(31,853)
<b>At 31 December 2017 (restated)</b>	<b>288,398</b>	<b>-</b>	<b>39,240</b>	<b>327,638</b>
Additions	567,193	17,900	7,031	592,124
Disposals	(170,021)		(31,240)	(201,261)
<b>At 31 December 2018</b>	<b>685,570</b>	<b>17,900</b>	<b>15,031</b>	<b>718,501</b>
<b>Accumulated depreciation</b>				
At 1 January 2016 (restated)	145,700	1,460	32,197	179,357
Charge for the year	120,699	5,549	16,591	142,839
Disposals	(9,691)	-	906	(8,785)
<b>At 31 December 2016 (restated)</b>	<b>256,708</b>	<b>7,009</b>	<b>49,694</b>	<b>313,411</b>
Charge for the year	53,906	-	7,866	61,772
Disposals	(88,555)		(19,889)	(108,444)
Foreign exchange differences & reclassification	(7,257)	(7,009)	(13,126)	(27,392)
<b>At 31 December 2017 (restated)</b>	<b>214,802</b>	<b>-</b>	<b>24,545</b>	<b>239,347</b>
Charge for the year	143,772	1,533	6,365	151,670
Disposals	(154,102)	-	(22,902)	(177,004)
<b>At 31 December 2018</b>	<b>204,472</b>	<b>1,533</b>	<b>8,008</b>	<b>214,013</b>
<b>Net book value at 31 December 2016 (restated)</b>	<b>108,954</b>	<b>-</b>	<b>36,303</b>	<b>145,257</b>
<b>Net book value at 31 December 2017 (restated)</b>	<b>73,596</b>	<b>-</b>	<b>14,695</b>	<b>88,291</b>
<b>Net book value at 31 December 2018</b>	<b>481,098</b>	<b>16,367</b>	<b>7,023</b>	<b>504,488</b>



NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

14 Property, Plant and Equipment (continued)

Company	Plant & equipment £	Software £	Total £
<b>Cost</b>			
At 1 January 2016 (restated)	3,659	-	3,659
<b>At 31 December 2016 (restated)</b>	<b>3,659</b>	-	<b>3,659</b>
Additions	567	-	567
<b>At 31 December 2017 (restated)</b>	<b>4,226</b>	-	<b>4,226</b>
Additions	-	13,050	13,050
<b>At 31 December 2018</b>	<b>4,226</b>	<b>13,050</b>	<b>17,276</b>
<b>Accumulated depreciation</b>			
At 1 January 2016 (restated)	840	-	840
Charge for the year	732	-	732
<b>At 31 December 2016 (restated)</b>	<b>1,572</b>	-	<b>1,572</b>
Charge for the year	520	-	520
<b>At 31 December 2017 (restated)</b>	<b>2,092</b>	-	<b>2,092</b>
Charge for the year	2,134	725	2,859
<b>At 31 December 2018</b>	<b>4,226</b>	<b>725</b>	<b>4,951</b>
<b>Net book value at 31 December 2016 (restated)</b>	<b>2,087</b>	-	<b>2,087</b>
<b>Net book value at 31 December 2017 (restated)</b>	<b>2,134</b>	-	<b>2,134</b>
<b>Net book value at 31 December 2018</b>	-	<b>12,325</b>	<b>12,325</b>

15 Investment in subsidiary undertakings

Company	2018 £	2017 (restated) £	2016 (restated) £
As at 1 January	954,894	954,894	954,894
Additions (note 16)	523,600	-	-
Impairment	(188,985)	-	-
<b>Cost at 31 December</b>	<b>1,289,509</b>	954,894	954,894

A projected cash flow period of five years was used to assess the value in use for investments in subsidiary undertakings.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**15 Investment in subsidiary undertakings (continued)**

The following are the principal subsidiaries of the Company at 31 December 2018 and at the date of these Financial Statements.

<b>Name of company</b>	<b>Registered Address</b>	<b>Parent company</b>	<b>Class of shares</b>	<b>Share capital held</b>	<b>Nature of business</b>
<b>Strat Aero International, Inc.</b>	19500 State Highway 249, Suite 655, Houston, Texas 77070, USA	Remote Monitored Systems plc	Ordinary	100%	Dormant company
<b>Strat Aero International Limited</b>	Tintagel House London Road, Kelvedon, Colchester, Essex, CO5 9BP, UK	Remote Monitored Systems plc	Ordinary	100%	Dormant company
<b>Strat Aero International Consultancy Group, LLC</b>	19500 State Highway 249, Suite 655, Houston, Texas 77070, USA	Strat Aero International, Inc	N/A	100%	Dormant company
<b>Strat Aero Holdings, Inc</b>	19500 State Highway 249, Suite 655, Houston, Texas 77070, USA	Remote Monitored Systems plc	Ordinary	100%	Holding company
<b>Aero Kinetics Labs, LLC</b>	19500 State Highway 249, Suite 655, Houston, Texas 77070, USA	Strat Aero Holdings, Inc	N/A	100%	Dormant company
<b>Aero Kinetics, LLC</b>	19500 State Highway 249, Suite 655, Houston, Texas 77070, USA	Strat Aero Holdings, Inc	N/A	100%	Dormant company
<b>Nepheos Services, LLC</b>	19500 State Highway 249, Suite 655, Houston, Texas 77070, USA	Strat Aero Holdings, Inc	N/A	100%	Dormant company
<b>Aero Kinetics UAS TC001, LLC</b>	19500 State Highway 249, Suite 655, Houston, Texas 77070, USA	Aero Kinetics, LLC	N/A	100%	Dormant company
<b>Geocurve Ltd</b>	Tintagel House London Road, Kelvedon, Colchester, Essex, CO5 9BP, UK	Remote Monitored Systems plc	Ordinary	100%	Surveying and mapping
<b>GN Site Engineers Ltd</b>	Tintagel House London Road, Kelvedon, Colchester, Essex, CO5 9BP, UK	Geocurve Ltd	Ordinary	100%	Dormant company



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**15 Investment in subsidiary undertakings (continued)**

<b>Name of company</b>	<b>Registered Address</b>	<b>Parent company</b>	<b>Class of shares</b>	<b>Share capital held</b>	<b>Nature of business</b>
<b>GN Site Engineers Ltd</b>	Tintagel House London Road, Kelvedon, Colchester, Essex, CO5 9BP, UK	Geocurve Ltd	Ordinary	100%	Dormant company
<b>UKAeroVision Limited</b>	Tintagel House London Road, Kelvedon, Colchester, Essex, CO5 9BP, UK	Geocurve Ltd	Ordinary	100%	Dormant company
<b>GyroMetric Systems Limited</b>	Dockholme Lock Cottage 380 Bennett Street, Long Eaton, Nottingham NG10 4JF, UK	Remote Monitored Sytems plc	Ordinary	57.8%	Shaft Monitoring

The following subsidiaries, also 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
- Geocurve Limited
- GN Site Engineers Ltd
- UKAerovision Limited
- GyroMetric Systems Limited

**16 Acquisition of subsidiary undertakings**

The Company gained control of GyroMetric Systems Limited during the year. The control was gained by two separate transactions, the first in April 2018, acquiring 36.9% of GyroMetric System's share capital for a cash consideration of £250,000. The second transaction in September 2018, acquired 20.9% of GyroMetric System's share capital by allotting 23,791,304 new shares in RMS plc at 1.15p, at a total cost of £273,600. RMS plc now has a total controlling holding in GyroMetric Systems of 57.8%.

	<b>On acquisition (£)</b>
<u>Purchase consideration</u>	
Cash	250,000
Shares (23,791,304 shares @ 1.15p)	<u>273,600</u>
	523,600
Non-controlling interest	60,975
Fair value of net assets acquired (see below)	(144,491)
Share of loss in associate	(42,272)
Intellectual property	13 <u>(73,000)</u>
Goodwill	<u>324,812</u>

\*£324,812 represents both the Goodwill and the Loss on acquisition on the change in ownership interests, when acquiring GyroMetric Systems Limited.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**16 Acquisition of subsidiary undertakings (continued)**

The fair value of net assets and liabilities arising from the acquisition, provisionally determined, are as follows:

	On acquisition £
Cash and cash equivalents	141,439
Property, plant and equipment	706
Inventory	7,079
Trade and other receivables	16,253
Trade and other payables	(14,873)
Director loans	(6,113)
<b>Net assets acquired</b>	<b>144,491</b>

If new information obtained within one year from the acquisition date about the facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

**17 Trade and other receivables**

	2018		2017 (restated)		2016 (restated)	
	Group £	Company £	Group £	Company £	Group £	Company £
Amounts due from group undertakings	-	610,423	-	417,583	-	1,383,028
Trade receivables	183,239	-	86,523	-	103,469	9,259
VAT receivable	6,594	5,968	24,987	22,282	-	18,408
Other receivables	7,839	-	30,467	8,700	400	-
Prepayments	56,859	27,518	45,656	8,306	66,571	33,072
<b>At 31 December</b>	<b>254,531</b>	<b>643,909</b>	187,633	456,871	170,440	1,443,767
<b>Less: non-current portion</b>	<b>-</b>	<b>(610,423)</b>	<b>-</b>	<b>(417,582)</b>	<b>-</b>	<b>(1,383,027)</b>
<b>Current portion</b>	<b>254,531</b>	<b>33,486</b>	187,633	39,289	170,440	60,740

Amounts due from group undertakings £610,423 were impaired by £150,620 during the year.

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

Ageing of past due trade receivables - Group:	2018 £	2017 (restated) £	2016 (restated) £
Current	192,102	48,654	-
0 – 15 days	3,000	-	-
16 – 30 days	-	10,121	61,947
Over 30 days	(11,863)	27,748	41,522
	<b>183,239</b>	86,523	103,469



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**17 Trade and other receivables (continued)**

The carrying amount of the Group's trade receivables are denominated in the following currencies:

	2018 £	2017 (restated) £	2016 (restated) £
US Dollars	-	7,182	18,876
UK Pounds	<b>183,239</b>	79,341	84,593
	<b>183,239</b>	86,523	103,469

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 £5,832 (2017: £84,685) have been made at the year-end in respect of trade receivables.

**18 Cash and cash equivalents**

	2018		2017 (restated)		2016 (restated)	
	Group £	Company £	Group £	Company £	Group £	Company £
Cash at bank and in hand	<b>109,381</b>	<b>11,378</b>	502,998	481,638	2,318	1,674
	<b>109,381</b>	<b>11,378</b>	502,998	481,638	2,318	1,674

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:

	2018		2017 (restated)		2016 (restated)	
	Group £	Company £	Group £	Company £	Group £	Company £
US Dollars	<b>463</b>	-	567	-	2,473	-
UK Pounds	<b>108,918</b>	<b>11,378</b>	502,431	481,638	(155)	1,674
	<b>109,381</b>	<b>11,378</b>	502,998	481,638	2,318	1,674

**19 Share capital**

Issued equity share capital	Number	2018		2017 (restated)		2016 (restated)	
		£	£	Number	£	Number	£
<b>Issued and fully paid</b>							
Ordinary shares of 0.002p (2017:0.0001p) each	<b>332,467,785</b>	<b>664,936</b>	3,852,760,457	385,276	384,285,262	384,286	
Deferred shares of 0.02p (2017:0.001p)	<b>117,947,721</b>	<b>2,358,954</b>	2,358,954,414	2,358,954	2,358,954,414	2,358,954	
A Deferred shares of 0.002p (2017:0.0001p)	<b>883,928,368</b>	<b>1,767,857</b>	17,678,567,358	1,767,857	-	-	
		<b>4,791,747</b>		4,512,087		2,743,240	



NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

19 Share capital (continued)

Group and Company	Number of shares	Ordinary shares £	Share premium £	Total £
<b>Issued and fully paid</b>				
<b>As at 1 January 2016 (restated)</b>	<b>142,063,771</b>	<b>1,420,639</b>	<b>3,992,889</b>	<b>5,413,528</b>
Issue of new shares – 17 March 2016	4,575,209	45,751	228,760	274,511
Issue of new shares – 12 April 2016	35,555,556	355,556	44,444	400,000
Issue of new shares – 20 April 2016	42,422,222	424,222	53,028	477,250
Issue of new shares – 13 July 2016	37,489,288	374,893	0	374,893
Issue of new shares – 1 September 2016	74,000,000	74,000	296,000	370,000
Issue of new shares – 29 September 2016	44,750,645	44,751	268,504	313,255
Issue of new shares – 28 November 2016	3,428,571	3,428	8,571	11,999
Share issue costs	-	-	(101,791)	(101,791)
<b>As at 31 December 2016 (restated)</b>	<b>384,285,262</b>	<b>2,743,240</b>	<b>4,790,405</b>	<b>7,533,645</b>
<b>As at 1 January 2017 (restated)</b>	<b>384,285,262</b>	<b>2,743,240</b>	<b>4,790,405</b>	<b>7,533,645</b>
Issue of new shares – 24 January 2017	380,000,000	380,000	-	380,000
Issue of new shares – 14 February 2017	1,150,000,000	1,150,000	-	1,150,000
Issue of new shares – 1 March 2017	50,000,000	50,000	-	50,000
Issue of new shares – 4 December 2017	1,771,428,572	177,143	442,857	620,000
Issue of new shares – 5 December 2017	74,189,480	7,419	344,981	352,400
Issue of new shares – 28 December 2017	42,857,143	4,285	10,715	15,000
Share issue costs	-	-	(154,000)	(154,000)
Foreign exchange differences			148,151	148,151
<b>As at 31 December 2017 (restated)</b>	<b>3,852,760,457</b>	<b>4,512,087</b>	<b>5,583,109</b>	<b>10,095,196</b>
<b>As at 1 January 2018 (consolidated)</b>	<b>192,638,023</b>	<b>4,512,087</b>	<b>5,583,109</b>	<b>10,095,196</b>
Issue of new shares – 5 January 2018	58,681,220	117,362	293,406	410,768
Issue of new shares – 10 January 2018	6,785,714	13,571	33,929	47,500
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)
<b>As at 31 December 2018</b>	<b>332,467,785</b>	<b>4,791,747</b>	<b>6,330,629</b>	<b>11,122,376</b>

On 5 January 2018 the Company issued 1,173,624,395 (58,681,220 post consolidation) ordinary shares of 0.01p (0.2p post consolidation) each at a price of 0.035p (0.7p post consolidation) per share raising £410,768. A certain director took part in the open offer and subscribed to 186,010,627 (9,300,531 post consolidation) new ordinary shares at a price of 0.035p (0.7p post consolidation).

On 10 January 2018 the Company issued 135,714,286 (6,785,714 post consolidation) new ordinary shares of 0.01p (0.2p post consolidation) each at a price of 0.035p (0.7p post consolidation) per share in consideration for outstanding fees payable by the Company to an adviser.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**19 Share capital (continued)**

On 16 January 2018 the Company issued 85,714,286 (4,285,714 post consolidation) new ordinary shares of 0.01p (0.2p post consolidation) each at a price of 0.035p (0.7p post consolidation) per share as a result of an exercise of warrants.

On 24 January 2018 the Company issued 35,714,286 (1,785,714 post consolidation) new ordinary shares of 0.01p (0.2p post consolidation) each at a price of 0.035p (0.7p post consolidation) per share as a result of an exercise of warrants.

On 31 January 2018 the Company issued 114,285,714 (27,857,143 post consolidation) new ordinary shares of 0.01p (0.2p post consolidation) each at a price of 0.035p (0.7p post consolidation) per share as a result of an exercise of warrants.

On 23 April 2018 the Company issued 557,142,857 (5,714,286 post consolidation) new ordinary shares of 0.01p (0.2p post consolidation) each at a price of 0.035p (0.7p post consolidation) per share as a result of an exercise of warrants. The warrants related to certain directors who exercised 485,714,286 (24,285,714 post consolidation) and 71,428,571 (3,571,429 post consolidation) respectively.

On 8 June 2018 the Company issued 218,571,428 (10,928,571 post consolidation) new ordinary shares of 0.01p (0.2p post consolidation) each at a price of 0.035p (0.7p post consolidation) per share as a result of an exercise of warrants.

On 7 September 2018 the Company issued 23,791,304 new ordinary shares of 0.2p each at a price of 1.15p per share in consideration for a controlling interest in GyroMetric Systems Limited, increasing the Company's shareholding in GyroMetric from 36.9% to 57.8%.

**Share Options**

At 31 December 2018, the following options over ordinary shares have been granted to the previous director of Geocurve Limited Mr G Nel, who resigned on 31 March 2019, and employees of Geocurve Limited. The share options remain unexercised:

<b>Grant date</b>	<b>Number of shares</b>	<b>Exercise price</b>	<b>Exercise period</b>
1 May 2018	100,000,000	0.06p	1 May 2018 to 30 April 2023

**Warrants**

At 31 December 2018 the following warrants over ordinary shares have been issued and remain unexercised:

<b>Grant date</b>	<b>Number of shares</b>	<b>Exercise price</b>	<b>Exercise date</b>
17/11/2014	16,875	1.6p	16/11/19
17/11/2014	6,094	1.6p	16/11/19
14/10/2015	49,451	1p	13/10/20
12/04/2016	222,222	0.225p	11/04/19
12/04/2016	177,778	0.225p	11/04/19
20/04/2016	212,111	0.225p	19/04/19
26/08/2016	370,000	0.10p	01/09/19
22/02/2017	5,000,000	0.045p	31/01/19
22/02/2017	3,750,000	0.045p	31/01/19
22/02/2017	2,999,650	0.045p	31/01/19
22/02/2017	3,000,000	0.045p	31/01/19



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**19 Share capital (continued)**

Grant date	Number of shares		Exercise date
22/02/2017	1,250,000	0.045p	31/01/19
22/02/2017	1,000,000	0.045p	31/01/19
22/02/2017	1,900,000	0.045p	31/01/19
22/02/2017	8,750,000	0.045p	22/02/19
22/02/2017	5,800,000	0.045p	22/02/19
22/02/2017	1,500,000	0.045p	22/02/19
22/02/2017	1,250,000	0.045p	22/02/19
22/02/2017	500,000	0.045p	22/02/19
22/02/2017	2,500,000	0.045p	22/02/19
22/02/2017	5,200,000	0.045p	22/02/19
22/02/2017	5,000,000	0.045p	22/02/19
22/02/2017	3,750,000	0.045p	22/02/19
22/02/2017	3,500,000	0.045p	22/02/19
22/02/2017	2,500,000	0.045p	22/02/19
22/02/2017	5,000,000	0.045p	22/02/19
22/02/2017	1,250,000	0.045p	22/02/19
22/02/2017	5,500,000	0.045p	22/02/19
22/02/2017	4,250,000	0.045p	22/02/19
22/02/2017	350	0.045p	31/01/19
22/02/2017	750,000	0.045p	22/02/19
22/06/2017	1,500,000	0.045p	22/06/19

**20 Share-based payments**

**Share option plan**

100,000,000 (5,000,000 post consolidation) employee share options issued on the 1 May 2018 at 0.06p (1.2p post consolidation) per option, exercisable when the Company's ordinary shares are at least 0.10p (2p post consolidation). Included within the employee share options granted was 83,333,333 (4,166,667 post consolidation) options granted to Mr G Nel, a director of Geocurve Limited. Mr G Nel subsequently resigned on 31 March 2019.

**Fair value of Share Options:**

The fair value of the share options granted in the year have been calculated using the Black Scholes model assuming the inputs shown below:

Grant date	1 May 2018
No of options/warrants granted	100,000,000
Share price on date of grant	0.01p
Exercise price	0.06p
Continuous growth rate	1.79%
Dividend yield	0.00%
Volatility	23.39%
Time to maturity	5
<b>Value of option in accounts</b>	<b>0.00001</b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**20 Share-based payments (continued)**

The share options outstanding at 31 December 2018 had a weighted average remaining contractual life of 4.4 years.

No options were exercised during the year.

**Warrants**

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

				2018		2017 (restated)		2016 (restated)
		No. of		Weighted		Weighted		Weighted
		warrants		average	No. of	average	No. of	average
				price	warrants	price	warrants	price
				£		£		£
At 1 January		131,025,960		0.04	1,054,531	0.2	1,806,968	1.6
Granted during the year		-		-	129,971,429	0.04	982,111	0.2
Exercised during the year		(50,571,429)		0.007	-	-	(1,734,548)	1.6
<b>Outstanding</b>	<b>at</b>	<b>31</b>	<b>80,454,531</b>	<b>0.05</b>	<b>131,025,960</b>	<b>0.04</b>	<b>1,054,531</b>	<b>0.2</b>
<b>December</b>								
<b>Exercisable</b>	<b>at</b>	<b>31</b>	<b>80,454,531</b>	<b>0.05</b>	<b>131,025,960</b>	<b>0.04</b>	<b>1,054,531</b>	<b>0.2</b>
<b>December</b>								

The warrants outstanding at 31 December 2018 had a weighted average remaining contractual life of 2 months (31 December 2017: 1.5 years).

No warrants were issued during the year.

The fair value of the warrants granted in the year and comparative year have been calculated using the Black Scholes model

**21 Share options and warrants reserve**

The measurement requirements of IFRS 2 have been implemented in respect of share options and warrants granted. The credit recognised for share based payments during the year is (£45,345) (2017: £nil).

	Company				
	Share option and warrants reserve	Total	Share option and warrants reserve	Merger reserve	Total
	£	£	£	£	£
<b>At 1 January 2016 (restated)</b>	191,250	191,250	191,250	(499,999)	(308,749)
Share warrants issued (note 19)	56,338	56,338	56,338	-	56,338
Share warrants exercised (note 19)	(176,238)	(176,238)	(176,238)	-	(176,238)
Foreign exchange differences	14,263	14,263	14,263	-	14,263
<b>At 31 December 2016 (restated)</b>	<b>85,613</b>	<b>85,613</b>	<b>85,613</b>	<b>(499,999)</b>	<b>(414,386)</b>
<b>At 1 January 2017 (restated)</b>	<b>85,613</b>	<b>85,613</b>	<b>85,613</b>	<b>(499,999)</b>	<b>(414,386)</b>
Share warrants issued (note 19)	161,277	161,277	161,277	-	161,277
<b>At 31 December 2017 (restated)</b>	<b>246,890</b>	<b>246,890</b>	<b>246,890</b>	<b>(499,999)</b>	<b>(253,109)</b>
<b>At 1 January 2018</b>	<b>246,890</b>	<b>246,890</b>	<b>246,890</b>	<b>(499,999)</b>	<b>(253,109)</b>
Share options issued (note 19)	19,500	19,500	19,500	-	19,500
Share warrants exercised (note 19)	(64,845)	(64,845)	(64,845)	-	(64,845)
<b>At 31 December 2018</b>	<b>201,545</b>	<b>201,545</b>	<b>201,545</b>	<b>(499,999)</b>	<b>(298,454)</b>



NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

22 Trade and other payables

	2018		2017		2016	
	Group £	Company £	Group £	Company £	Group £	Company £
Trade payables	141,220	80,218	300,632	207,595	445,724	303,982
VAT payable	35,734	-	28,601	-	2,055	-
Corporation Tax	-	-	5,567	-	-	-
Accruals	87,308	77,619	171,478	104,299	424,087	323,977
Deferred revenue	140,000	-	-	-	-	-
Other creditors	-	-	10,955	-	23,076	9,394
	<b>404,262</b>	<b>157,837</b>	<b>517,233</b>	<b>311,894</b>	<b>894,942</b>	<b>637,353</b>

23 Borrowings

	2018		2017		2016	
	Group £	Company £	Group £	Company £	Group £	Company £
Other borrowings	166,666	-	117,807	110,000	418,485	80,000
<b>At 31 December</b>	<b>166,666</b>	<b>-</b>	<b>117,807</b>	<b>110,000</b>	<b>418,485</b>	<b>80,000</b>
<b>Less: non-current portion</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(338,485)</b>	<b>-</b>
<b>Current portion</b>	<b>166,666</b>	<b>-</b>	<b>117,807</b>	<b>110,000</b>	<b>80,000</b>	<b>80,000</b>

Reconciliation to cash flows from financing activities:

	Group	Company
Balance as at 1 Jan 2017	418,485	80,000
Net proceeds from borrowings	37,807	30,000
Repayment	(338,485)	-
<b>Balance as at 31 December 2017</b>	<b>117,807</b>	<b>110,000</b>
Balance as at 1 Jan 2018	117,807	110,000
Net proceeds from borrowings	500,000	-
Repayment	(451,141)	(110,000)
<b>Balance as at 31 December 2018</b>	<b>166,666</b>	<b>-</b>

24 Deferred tax

	2018		2017		2016	
	Group £	Company £	Group £	Company £	Group £	Company £
<b>Deferred tax liabilities</b>						
Deferred tax liability after more than 12 months	206,328	-	135,712	-	243,314	-
<b>Deferred tax liabilities</b>	<b>206,328</b>	<b>-</b>	<b>135,712</b>	<b>-</b>	<b>243,314</b>	<b>-</b>

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



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**24 Deferred tax (continued)**

The movement in the deferred tax account is as follows:

	2018		2017		2016	
	Group £	Company £	Group £	Company £	Group £	Company £
At 1 January	<b>135,712</b>	-	271,119	-	243,314	-
Investment in subsidiaries	<b>26,522</b>	-	(146,700)	-	-	-
Fixed asset timing differences	<b>44,094</b>	-	11,293	-	-	-
<b>At 31 December</b>	<b>206,328</b>	-	135,712	-	243,314	-

**25 Financial instruments**

**Categories of financial instruments**

	2018	2018
	Group £	Company £
Assets – Loans and receivables		
Trade and other receivables (excluding prepayments)	216,062	616,390
Cash and cash equivalents	109,381	11,378
	<b>325,443</b>	<b>627,768</b>
Liabilities – At amortised cost		
Trade and other payables (excluding non-financial liabilities)	418,916	80,218
Borrowings	166,666	-
	<b>585,582</b>	<b>80,218</b>
	2017 (restated)	2017 (restated)
	Group £	Company £
Assets – Loans and receivables		
Trade and other receivables (excluding prepayments)	288,324	560,923
Cash and cash equivalents	502,998	481,638
	<b>791,322</b>	<b>1,042,561</b>
Liabilities – At amortised cost		
Trade and other payables (excluding non-financial liabilities)	538,610	210,821
Borrowings	117,807	110,000
	<b>656,417</b>	<b>320,821</b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**25 Financial instruments (continued)**

**Categories of financial instruments**

	<b>2016 (restated) Group £</b>	<b>2016 (restated) Company £</b>
Assets – Loans and receivables		
Trade and other receivables (excluding prepayments)	103,869	1,410,695
Cash and cash equivalents	2,318	1,674
	<b>106,187</b>	<b>1,412,369</b>
Liabilities – At amortised cost		
Trade and other payables (excluding non-financial liabilities)	649,085	316,380
Borrowings	418,485	80,000
	<b>1,067,570</b>	<b>396,380</b>

**26 Financial commitments**

**Operating leases**

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

	<b>2018 Other £</b>	<b>2018 and buildings £</b>	<b>Land £</b>	<b>2017 (restated) Other £</b>	<b>2017 (restated) Land and buildings £</b>	<b>2016 (restated) Land and buildings £</b>
No later than one year	2,067	29,500		588	52,562	101,320
Later than one year but no later than 5 years	1,773	68,833		882	106,021	102,572
Total future minimum lease payments	<b>3,840</b>	<b>98,333</b>		1,470	158,583	203,892

**27 Related party transactions**

**Directors' transactions**

The directors of the Company who participated in the December 2017 Placing (shares issued on 5 January 2018) were as follows:

- Paul Ryan subscribed for 186,010,627 (9,300,531 consolidated) new ordinary shares of 0.035p (0.7p consolidated) each for £65,000

Directors remuneration is disclosed in note 8.

The amount owing to Nigel Burton in respect of unpaid salary for 2018 is £11,182 (2017 - £nil). This amount is included in accruals.

Paul Ryan is a director of Warande1970 BVBA which the Group pays in relation to Paul's director fee. £60,637 is outstanding and included in trade payables as at this date (2017 - £43,127).



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**27 Related party transactions (continued)**

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

**Parent Company transactions with subsidiary companies**

During the year the Company received £nil (31 December 2017: £73,445) management fees from its subsidiaries.

At the year-end £610,423 (31 December 2017: £417,582) was due from the subsidiary companies as follows (note 16).

- Geocurve Ltd £610,423 (2017: £417,582)

The above balance owing from Geocurve Ltd was impaired by £150,620 during the year.

**28 Ultimate controlling party**

Due to the company being a public limited company, there is not considered to be a controlling party. For details on major shareholdings please refer to the Director's Report.

**29 Events after the reporting year**

On 17 January 2019 the Company issued 53,846,154 new ordinary shares of 0.2p each at a price of 0.65p per share raising £350,000.

**Directors' transactions**

The Directors of the Company who participated in the January 2019 Placing were as follows:

- Nigel Burton subscribed £100,000 for 15,384,615 Shares.
- Trevor Brown subscribed £100,000 for 15,384,615 Shares.



**COMPANY INFORMATION**

**Directors** Trevor Brown (*Chief Executive Officer*)  
Nigel Burton (*Non-Executive Chairman*)  
Paul Ryan (*Non-Executive Director*)

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**Registered Office** Ground Floor  
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**Registered Number** 09109008

**Nominated Adviser and Joint Broker** SP Angel Corporate Finance LLP  
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35-39 Maddox Street  
London W1S 2PP

**Joint Broker** Peterhouse Corporate Finance Limited  
New Liverpool House  
15 Eldon Street  
London EC2M 7LD

**Solicitors** Edwin Coe  
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**Independent Auditor** PKF Littlejohn LLP  
Statutory Auditor  
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**Registrars** Share Registrars Limited  
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Farnham  
Surrey GU9 97LL



## COMPANY INFORMATION (continued)

Details of the Directors and their backgrounds are as follows:

**Trevor Brown** (aged 72, British)  
*Chief Executive Officer*

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

Mr Brown is currently an Executive Director of IQAI plc, CEO of 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 61, 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 of a number of private and public companies, including Navig8 Product Tankers Inc, PetroSaudi Oil Services Limited, Advanced Power AG, and Granby Oil and Gas plc. Nigel is currently Non-Executive Chairman of AIM-listed Regency Mines plc and a Non-Executive Director of AIM-listed Digitalbox plc and Tau Capital plc, and until January 2019 was Chief Executive Officer of Nu-Oil and Gas plc.

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 51, 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.