Crimson Tide plc

Annual Report and Accounts 2019

Company Registration Number 00113845

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Chairman's Statement

2019 was the first year where we saw the results of our more expansive strategy implemented at the end of the previous year whereby we enhanced our sales team with proven professionals. We also took the decision to ensure that we had sufficient development, support and implementation resource to support our growth. I am pleased to report that we saw improvements in our key metrics and, with our long-term subscription strategy, this bodes well for the future.

Our key vertical markets continued to evolve and we have now added transportation organisations to our growing base of mpro5 clients. Our expansion into the rail industry now includes train operating companies, engineering firms and Network Rail. These early forays have seen us become recognised by not only industry organisations but by original equipment manufacturers and network operators.

The core of mpro5 has continued to grow, fuelled by demand from our clients. Our platform now handles secure single sign on in the same way as the large global IT suppliers and, as an early pioneer in Cloud technology, we have been able to scale to our clients' requirements. mpro5 users can now be measured in the hundreds of thousands. We embed IoT (Internet of Things) into many of our sales proposals and these are being well received in a market only used to the supply of equipment, not a full-service process solution. IoT is a differentiator for us and we are optimistic in its value to future business.

Crimson Tide is often underestimated in terms of the longevity of its client contracts. Customer demand leads us to extend and add to contracts and this can be demonstrated by the fact that this year, our earliest mobility client extended their contract for a further three years. At the end of this period, the client will have been with us for twenty years. Many of our new clients are asking for longer terms than our usual thirty-six months as mpro5 is being seen as key to their mobility strategy.

Financially, I believe that our results have been strong across our key performance indicators. Turnover for Crimson Tide never tells the full story and doesn't reflect the longevity of our client contracts. Many of our larger clients have been with us for many years reflecting the enduring value mpro5 has for them, whilst new medium size transactions do still add meaningfully to our revenue base. At the same time we experience minimal churn, occurring typically among our smaller contracts, which also tend to be less economic for us. Our strategy has been to grow, but not at the expense of leveraged, highly optimistic investment. Our core, long term contracted revenues underpin our business and we are well placed for future growth.

mpro5's platform is capable of being leveraged into more verticals and to expand further into its existing ones. Crimson Tide continues to have a small capital base and there are opportunities to invest in tailoring the platform to cater for more industries and processes that we have not had sufficient resource to develop. We have a belief that our small ventures into the healthcare field will become increasingly relevant, especially after the effects of COVID-19 are fully digested. Our ability to work remotely had already been established and our cloud infrastructure meant that our clients experienced no change in the way that their systems operated. Our long term contracted revenues have meant that our cash collection profile has seen very limited change. Our largest clients are supermarkets and organisations involved in the national infrastructure and the flexibility of mpro5 to these organisations is more important now than ever before.

I do perceive significant opportunities for the company, both in terms of our existing vertical markets and new ones. Our business in healthcare is still at an early stage but we have exposure to the NHS and large global pharma companies. I also believe that there are large opportunities in Financial Services and the construction, health and safety sectors. We are only limited by our ability to market to these sectors as our infrastructure and delivery process is highly scalable.

2020 will see us continue to pursue the many opportunities in our pipeline, as well as to round out our marketing function and project our offering to a wider potential client base. This process is now underway with a greater degree of clarity and purpose than has been the case historically. The team in place is more professional than ever and we are already seeing positive results.

As the executive team has now had a solid period of working together and are delivering the results that we hoped, I shall focus on the development of new areas of the business, both in terms of new technologies, international and market verticals. We continue to enhance the remuneration and benefits of our team, many of whom are long term employees. I am extremely confident in the team's ability to drive the business forward and look forward to the next stage in our evolution.

Barrie R. J. Whipp
Founder & Chairman

Chief Executive's Review

2019 has seen a significant increase in the size of the organisations that are becoming mpro5 subscribers. We are benefitting from greater exposure to large enterprises thanks to our investment in Sales & Marketing, and our dedicated partner channel created in late-2018.

The Company's forays into new verticals have led to us already becoming a disruptor within the transportation sector, most notably within the rail industry. We have also learned a lot from our international expansions, and the transition to a partner model in Dubai has been transformational for our presence there. Underpinned by subscriber growth and related consultancy, I am confident this place us on solid footing for future growth.

Solutions on Subscription
I am also pleased to report that the introduction of our solutions services has augmented the mpro5 offering and the Company has welcomed new revenue streams across mobile sims, IoT hardware, and Mobile Device Management (MDM) accordingly. Although revenue generation within this new stream is in its early stages, we have created a strong foundation of partners and knowledge upon which we can build.

Our subscriber churn remains low, testament to the strength of our platform in terms of its flexibility and its robustness, and a sign that we work in true partnership with our customer. To complement this, we have invested recently in the technical pre-sales areas of the business based on customer demand for integrated reporting and dashboard requirements. These are complimentary offerings that position mpro5 as a long-term investment and partnership for our subscribers which offers immediate new insights and cost savings.

Our partner channel is maturing and I am encouraged to see the mpro5 partner network delivering great opportunities and revenue potential.

Our Unique mpro5 Platform
The mpro5 platform is uniquely positioned by its blend of service, cloud infrastructure, flexibility and capability. We frequently replace multiple disparate solutions by using the single mpro5 integrated platform. To that end, 2019 has seen the inclusion of some key features that have made the barrier of entry for enterprise customers significantly lower. For example, Single Sign On (SSO) now enables customers to use their own security infrastructure to authenticate with mpro5.

The introduction of a fully featured API across the mpro5 platform now means that companies can adopt the elements of mpro5 that they need quickly and integrate into wider enterprise products. We have seen with larger customers, that this more gradual transition is much more palatable.

Summary
2019 has been the first year of prosecution of our 2018 investments in sales and marketing. I remain confident in our ability to deliver future growth for our shareholders, as ever, built on long-term subscription revenues. I believe there are exciting times ahead.

Luke Jeffrey
CEO

Financial Review

The financial results for 2019 reflect a year of strong growth for Crimson Tide. Revenue increased by 22% to £2,921k (2018: £2,398) of which 81% represents recurring revenues. The composition of these recurring revenues continues to move towards software-only contracts. This shift, as well as increased consultancy fees, where we adapt mpro5 specifically for client requirements, has increased gross margin to 87.2% (2018: 86.5%). International recurring revenue increased by 5% and comprises approximately 11% of total recurring revenue.

Despite a strategy of significant increase in sales and marketing expenditure, announced in 2018, the Group's profit before tax increased to £352k (2018: £69k).

EBITDA increased to £775k (2018: £492k). Under the new IFRS 16 accounting rules (see below), lease expenses (previously reported within operating costs) have been replaced by depreciation and interest expense. Under the new rules, EBITDA for 2019 is £65k higher than the comparative figure under the previous rules.

Changes in accounting rules

The Group has applied IFRS 16: Leases, effective for accounting periods that begin on or after 1 January 2019, using the modified retrospective approach without restatement of the comparative information.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. At year-end the Group had a right-of-use asset of £149k with a matching lease liability of £152k. Comparative figures are not required under the modified retrospective transition approach.

Capitalisation of intangible asset

Development costs of the mpro5 platform of £380k (2018: £347k) were capitalised during the year. The Board continually monitors the carrying value of the intangible asset on the balance sheet and is satisfied with the current valuation of £1,318k (2018: £1,105k). Amortisation of this intangible asset during 2019 amounted to £171k (2018: £141k).

Trade receivables

Trade receivables at year end amounted to £649k (2018: £392k). Although this is substantially higher than the prior year, it is mostly a timing issue and a function of a large number of pilot agreements and new contracts entered into during the last quarter of the financial year.

Debt and finance costs

Included in the debt position, is the recognition of a capitalised lease liability of £152k relating to IFRS 16 (see above).

Borrowings excluding this capitalised lease liability, decreased by £95k to £281k (2018: £376k). These borrowings consist of loans and leases used to finance devices supplied with software contracts as well as those sold with our solutions sales.

Finance costs of £44k (2018: £40k) includes an amount of £10k that is an effect of IFRS 16.

Cashflow and liquidity

During 2019, the Group incurred £279k (2018: £33k) of capital expenditure other than intangibles. With the adoption of IFRS 16, £207k of these additions are associated with a "right-of-use" asset.

The Group has an undrawn overdraft facility of £250k. At year-end, cash balances (excluding the overdraft facility) amounted to £320k (2018: £613k). This decrease is mostly due to the strategy of increased investment in sales and marketing, and increased investment in development resources to support the Group's growth. Operating activities generated cash of £358k (2018: £541k).

Peter Hurter
Finance Director

Board of Directors

Barrie Reginald John Whipp (59) **Executive Chairman**
Barrie founded Crimson Tide in 1996 and he formulated the ideas behind the Group's mobile data solutions in 2003. He is responsible for setting the Group's vision and strategy as well as setting goals and targets for the business. After an early career in finance and business administration with Dowell Schlumberger S.A. and UDS Group plc, Barrie joined Tiphook plc where he founded the financial services arm in 1986. He became Group Managing Director of IAF Group plc, which was admitted to the Official List in April 1994. He has served as a non-executive Director of pump distributor Wills Group plc as well as a number of private companies. Barrie is currently Chairman of Wey Education plc.

Luke Anthony Jeffrey (37) **Chief Executive Officer and Technical Director**
Luke joined Crimson Tide from university in July 2005 having achieved a Masters in Advanced Computing Science and has been regularly promoted since. He has made an invaluable contribution to the development of our mobility solutions and been fully involved in many other software developments delivered to customers. Luke joined the Board in July 2012 as Technical Director responsible for the continuing evolution and implementation of our software products and services. In December 2016, Luke was promoted to Deputy Chief Executive and became Chief Executive Officer in March 2018 responsible for the day to day management of the Group.

Stephen Keith Goodwin (61) **Non-Executive Director**
Steve served as Crimson Tide's Chief Executive from April 2004 to August 2013 and subsequently as the Group's Finance Director. He stepped down as an Executive Director in July 2019. Steve is a Certified Accountant with 30 years' experience at Board level. After training as an accountant working for Shell International, he joined Tiphook plc in 1988 where he became Group Financial Controller and later Finance Director of the trailer division.
In 1994 Steve was appointed Managing Director of the rail division and in 1996 led the management team in a £30m management buyout. The business was sold two years later to GE Capital where he stayed on as Managing Director of GE's European rail business and gained further experience in negotiating and integrating acquisitions.

Tobias 'Toby' James Turness Hawkins (39) **Group Sales & Marketing Director**
Toby joined Crimson Tide in October 2017 having held numerous sales roles in his career, most recently, Enterprise Account Director for the OpenText Corporation. Previously he was Commercial Director for Stevens Group Ltd. which develops enterprise and SaaS software solutions. Toby is responsible for leading the sales and marketing teams and achieving the Group's sales and growth targets.

Graham Basil Ashley (73) **Non-Executive Director**
Graham has over 40 years' experience in stockbroking and corporate finance and was a founding Director and shareholder of stockbrokers Greig Middleton Holdings Limited. Graham has advised on acquisitions and disposals and fund-raisings across a wide range of sectors and industries. Graham became a Non-Executive Director of Crimson Tide Limited in April 2004. Graham was appointed as a Director of A. Cohen & Co. Plc on 20 October 2004 and was Chairman from February 2005 until the reverse acquisition of Crimson Tide Limited in August 2006. Graham is Chairman of the Audit Committee.

Pieter Maree Hurter (43) (South African) **Finance Director and Company Secretary**
Peter was appointed a Director of the Company in July 2019 having previously been the Group's financial controller. He qualified as a Chartered Accountant with Deloitte in 2003 before joining EY as a manager. He subsequently joined Moore Stephens as a director. Peter has wide ranging experience working with businesses from start-ups to listed entities.

Directors' Report

The directors present their report and the audited financial statements of the Group for the year ending 31 December 2019.

Principal Activities and Review of the Business

The principal activity of the Group during the period was the provision of mobility solutions and related software development. The principal activity of the Company was to provide management and support to other Group companies.

Results and Dividends

The trading results for the year and the Company's financial position at the end of the financial period are shown in the attached financial statements. The statements have been prepared under International Financial Reporting Standards ("IFRS").

Turnover for the year ended 31 December 2019 was £2,921,483 (2018: £2,398,484) and the total profit before tax was £352,100 (2018: £68,717). The directors do not recommend payment of a final dividend.

Directors

The following directors have held office during the year:

BRJ Whipp
GB Ashley
SK Goodwin
LA Jeffrey
TJT Hawkins
RK Todd (resigned 5 May 2020)
PM Hurter (appointed 01 July 2019)

Directors' interest in shares

Directors' interests in the share capital of the Company, including family and pension scheme interests, were as follows:

	Ordinary shares of £0.1p	
	2019	**2018**
Director		
BRJ Whipp	102,820,132	102,820,132
SK Goodwin*	30,611,484	30,611,484
GB Ashley	18,354,718	18,354,718
RK Todd**	8,450,000	8,450,000
LA Jeffrey	2,000,000	2,000,000

* Mr. Goodwin also had an interest as a trustee in 9,150,000 Ordinary Shares of 0.1p each as at 31 December 2019 and 31 December 2018.

** Mr. Todd's shareholding includes shares held in the Todd Meat Pension Fund of which Mr Todd is a beneficiary.

Directors' interests in the share options, issued under the Group's Enterprise Management Incentive Scheme, were as follows:

	Number of share options	
	2019	**2018**
Director		
SK Goodwin	2,500,000	2,500,000
LA Jeffrey	1,000,000	1,000,000

Directors' interests in unapproved share options were as follows:

	Number of share options 2019	2018
Director		
BRJ Whipp	2,500,000	2,500,000

Directors' remuneration

The remuneration of the Directors during the period is summarised below:

	Fees and Salaries	Benefits	Pension	Total 2019	Total 2018
	£	£	£	£	£
Non-executive					
GB Ashley	15,000	-	-	15,000	6,000
RK Todd	-	-	-	-	-
SK Goodwin	18,000	-	-	18,000	26,000
Executive					
BRJ Whipp	116,667	18,331	60,000	194,998	193,481
TJT Hawkins	109,388	47,391	2,825	159,604	104,872
LA Jeffrey	102,000	8,544	2,790	113,334	96,700
PM Hurter	37,500	168	1,125	38,793	-
Total	398,555	74,434	66,740	539,729	427,053

Mr Todd resigned as a director on 5 May 2020. Mr Hurter was appointed a director on 1 July 2019.

Significant shareholdings

As at 22 May 2020 the shareholders' register showed that the following shareholders had interests in 3% or more of the share capital of the Company:

	No.	%
Shareholder		
BRJ Whipp	102,820,132	22.6%
Helium Special Situations Fund	61,775,106	13.5%
SK Goodwin	30,611,484	6.7%
JWF Roth	26,131,159	5.7%
Lion Trust Investment Partners LLP	22,942,885	5.0%
SJM Morris	21,707,817	4.8%
GB Ashley	18,354,718	4.0%

Financial Risk Management

The Company's exposure to financial risk is set out in note 20 to the accounts. Crimson Tide maintains a strong focus on working capital management.

Policy on Payments to Suppliers

It is the policy of the Company in respect of all its suppliers, where reasonably practicable, to settle the terms of payment with those suppliers when agreeing the terms of each transaction, to ensure that those suppliers are made aware of the terms of payment, and to abide by those terms. The number of trade creditor days outstanding at the period end for the Group was 39 days (2018: 26 days). The Company is a holding company and has no significant trade creditors.

Health, Safety and the Environment

The company operates responsibly with regard to its shareholders, employees, other stakeholders, the environment and the wider community. The company is committed to the wellbeing of all employees and ensure that their health, safety and general welfare is paramount at all times. We also maintain open and fair relationships with all clients and suppliers while ensuring that all transactions are operated on an arms-length, commercial basis.

Political and Charitable Contributions

No political or significant charitable donations were made during the period.

Statement of Directors' Responsibilities

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

UK Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Adequacy of information supplied to auditors

In the case of each of the persons who were Directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's Auditors are unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's Auditors are aware of that information.

Website publication

The Directors are responsible for the maintenance and integrity of the 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.

Signed by order of the board

Peter Hurter
Company Secretary
8 June 2020

Strategy and objectives

The Company's strategy is to continue to develop its mobility solutions and grow the contracted number of subscribers currently using its mpro5 service. In doing so, the targeted objectives of:

- Increased contracted revenues
- Strengthened cashflows
- Geographical expansion
- Increased profitability
- Higher returns for stakeholders

will be achieved. The Company plans to continue to re-invest its profits in 2020 to grow the Company more significantly in the coming years.

Business model

The Crimson Tide group provides its mpro5 software, sometimes with a handheld mobile device or tablet, to subscribers who typically contract for three or more years. Crimson Tide incurs the up-front costs of software development and investment in equipment, such as smartphones, sensors, tags, etc. and recovers these costs as quickly as possible over the contract term.

The group is operationally geared with relatively fixed overheads so an increasing proportion of turnover growth favourably impacts profitability and net cashflow.

Review of the business

A review of the year and future developments are given in the Chairman's Statement, Chief Executive's Review and Financial Review on pages 3, 5 and 6 respectively.

At 31 December 2019 Crimson Tide had a total of 28 directors and employees analysed as follows:

	Male	Female
Directors	7	-
Senior managers	2	1
Other employees	16	2

Key performance indicators

Crimson Tide management use a number of KPIs to measure the performance of the business and to assess current trends. These statistics are regularly reviewed and action is taken by management as appropriate.

Other measures used by management to ensure the Group is likely to perform as forecast include; expected contract wins, renewal rates and losses, and sales opportunity pipeline.

The Group uses Microsoft Dynamics as its customer relationship management system to record and monitor dealings with customers and potential new clients.

Principal risks and uncertainties

The Board of Directors and management team continually review key performance indicators and business trends, as well as regular financial information, to help identify future risks and uncertainties in the business.

The principal risks and uncertainties facing the business remain unchanged as they potentially stem from attempts to accelerate growth, for example by increasing spending on marketing and people. However, operating cashflows generated by our growing contracted subscriber book, provide increasing amounts of cash to re-invest in the business. Furthermore, the finance facilities offered by NatWest and Lombard provide additional means to fund new devices if required, and accelerate growth

Signed on behalf of the Directors

Barrie Whipp
Founder & Chairman
8 June 2020

Corporate Governance Statement

The Board is committed to sound Corporate Governance and have adopted the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the London Stock Exchange's changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code.
The Company believes the code is essential to foster business integrity and shareholders' trust in the Board. High standards of Corporate Governance are a key priority of the Board and details of how the Company addresses key governance issues are set out here by reference to the 10 principles of Corporate Governance developed by the Quoted Companies Alliance.

1. ESTABLISH A STRATEGY AND BUSINESS MODEL

The board should express a shared view of the Company's vision and strategy, including detail of:

- what the Company is working to achieve;
- the period in which its objectives are to be achieved; and
- what is required to achieve these objectives.

This view should be well communicated, both internally and externally.

Compliance

Crimson Tide's vision is to invest in and develop mpro5 to deliver long term, sustainable growth in revenues, profits and shareholder value. The Company places particular focus on the quality of mpro5, its relationships with clients, staff and stakeholders. The Directors believe that mpro5 can improve operations and efficiency for a broad range of organisations, particularly in logistics, facilities management and healthcare.

The Company seeks to grow its revenues consistently, taking advantage of the high margin it achieves. The Company has a three-year business plan reflecting expansion including in its home territory and overseas.

Crimson Tide has sufficient resources to grow the business further. The retention of existing staff is an area of high focus and recruitment of further employees will occur as the Company grows.

2. MEETING THE NEEDS AND OBJECTIVES OF OUR SHAREHOLDERS

Directors should develop a good understanding of the needs and expectations of the Company's shareholders, as well as the motivations behind shareholder voting decisions. No board ever wants to find itself in a position where it is voted down by shareholders. Accordingly, it is in the interests of the Company to understand the view of shareholders before a potentially controversial or unusual proposal is put to them. Companies with a dominant shareholder must be particularly aware of the need to hear the voices of and protect the interests of minority shareholders and must therefore consider whether it is necessary to put in place contractual arrangements such as a relationship agreement.

Compliance

The Board is aware of the need to protect the interests of all shareholders. It seeks to balance the interests of small shareholders with those of more substantial shareholders. The Board comprises Directors with substantial holdings and small holdings.

The Board consists of the Chairman, three executive directors and two non-executive directors. Board meetings are held at least four times a year.

Crimson Tide plc publishes all relevant material, according to QCA definitions, on its website. This includes annual reports and shareholder circulars

Shareholder Communication

The Group seeks to ensure that all shareholders are kept informed about the Group and its activities. A comprehensive annual report and accounts and an interim report are made available to shareholders on the Group's website and sent to those shareholders requesting a paper copy. The Annual General Meeting is a forum for shareholders' participation with the opportunity to meet and question Board members including the non-executive members and the Chairmen of the Board committees. Additionally, the Group operates an investors' section on its website to provide further details of the Group's activities.

3. TAKING INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSABILITIES

Good governance includes the board considering the Company's impact on society, the community and the environment. Every company should consider its corporate social responsibilities (CSR). Any CSR policy should include narrative on social and environmental issues and should show how these are integrated into the Company's strategy. Integrating CSR into strategy will help create long term value and reduce risk to shareholders and other stakeholders

Compliance

The Directors are aware of the impact the business activities have on the communities in which the Group's businesses operate. The Company does not discriminate based upon race, religion, age or gender.

The Group's responsibilities to stakeholders including staff, suppliers and customers and wider society are also recognised. The Company is a respected employer and member of the community.

The environmental impact of the Group's activities is carefully considered, and the maintenance of high environmental standards applied. The Company operates a low paper strategy, recycles where possible and aims to be Carbon neutral.

4. EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS

The board is responsible for putting in place and communicating a sound system to manage risk and implement internal control. The management of risk is an essential business practice. Boards are expected to balance risk and return, threat and opportunity. Setting strategy includes determining the extent of exposure to the critical risks the Company is willing and able to bear.

Compliance

The Board has established Audit and Remuneration Committees, full details of which are contained in the Corporate Governance section. Given the current size of the Company and the Board, the Board do not consider it necessary yet to create either a Nominations Committee or a Legal Matters Committee with relevant matters either dealt with by the Board or delegated accordingly.

The annual budget setting process examines all areas of the Company's operations both operationally and financially.

Crimson Tide plc receives regular feedback from its external auditors on the state of its internal controls.

The Board regularly reviews potential risks at Board Meetings and the Executive Directors regularly monitor KPIs.

5. MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

The board should not be dominated by one person or a group of people. The board must not be so large as to prevent efficient operation but must not be too small to be ineffective. The board should be balanced between executive and non-executive directors and should have at least two independent nonexecutive directors.

Compliance

The Board is comprised of the Chairman, three executive Directors and two non-executive Directors.

Whilst the Company is guided by the provisions of the Combined Code in respect of the independence of directors, it gives regard to the overall effectiveness and independence of the contribution made by directors to the board in considering their independence and does not consider a directors' period of service in isolation to determine their independence.

Crimson Tide plc has appointed two non-executive directors who provide an independent view of the Company's activities. Mr Stephen Goodwin and Mr Graham Ashley are Non-Executive Directors. By their length of tenure, neither Mr Goodwin nor Mr Ashley fulfil the technical definition of "Independent" as they have served as directors for longer than the prescribed nine years. The Board unanimously supports the retention of Mr Goodwin and Mr Ashley given their experience and wise counsel. Both Mr Goodwin and Mr Ashley are shareholders in the Company.

In exceptional cases a non-executive may also be appointed to represent the interests of a major shareholder where the board is satisfied that he or she has the requisite experience and is fully aware of his or her fiduciary duty to act in the wider interests of shareholders as a whole.

The Board do not consider that the Company currently has a dominant shareholder where special contractual arrangements would be necessary to protect the interests of minority shareholders.

Appointments continue subject to re-election by shareholders at the Annual General Meeting. Non-executive directors must stand for election at the first Annual General Meeting after appointment and then every third anniversary, for nine years. After nine years' service, each independent director must be re-elected every year. If not re-elected, the appointment is terminated automatically with immediate effect. If appointment is terminated for any reason, there is no entitlement to redundancy or compensation for unfair dismissal.

6. ENSURING THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP TO DATE EXPERIENCE, SKILLS AND CAPABILITIES

The board must have an appropriate balance of functional and sector skills and experience. The board should be supported by committees (audit, remuneration, nomination and others) that have the necessary character, skills and knowledge to discharge their duties and responsibilities effectively.

Compliance

Directors who have been appointed to Crimson Tide plc have been chosen because of the skills and experience they offer. Full biographical details of the Directors are included within the website.

As noted above, Crimson Tide plc has put in place Audit and Remuneration committees.

Formal terms of reference have been agreed for all Board Committees and can be found on the Company's website.

7. EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

The board should periodically review its performance, as well as the performance of its board committees and the performance of individual board members. Performance appraisal may include external review and may also identify development needs.

The board should ensure that it possesses the skills and experience to meet present and future business needs. Ineffective directors (whether executive or non-executive) must be identified, supported to become effective and, if that is not possible, replaced. Review, development and mentoring of directors and the wider management team are very important.

It is healthy for membership of the board to be periodically refreshed, regardless of performance issues.

Succession planning is a vital task for boards. No member of the board should become indispensable. How well succession is managed (particularly of the chairman and the chief executive) represents a key measure of the effectiveness of a board.

Compliance

Crimson Tide plc undertakes regular monitoring of personal and corporate performance using agreed key performance indicators and detailed financial reports. Responsibility for assessing and monitoring the performance of the executive directors lies with the independent non-executive directors.

Key performance indicators (KPIs) include, Underlying Pre Tax Profit, cash generation, return on investment and Earnings per share. Agreed personal objectives and targets including financial and non-financial metrics are set each year for the executive directors and performance measured against these metrics.

New executive and non-executive directors, taking into account succession planning, are appointed when deemed appropriate by the Board.

Crimson Tide has a Chairman and CEO. During 2018 the CEO was promoted to the role and took over responsibility for managing and executing the Board's plan and is in charge of all day to day management of the business, supported by a management team. The Chairman retains responsibility for product vision, corporate finance and city matters in line with his experience. As the CEO has only recently been appointed and is in his thirties, further succession planning has not been undertaken at this time.

8. PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

Crimson Tide plc operates responsibly with regard to its shareholders, employees, other stakeholders, the environment and the wider community.

The Group is committed to the wellbeing of all employees and ensures that their health, safety and general welfare is paramount at all times.

We also maintain open and fair relationships with all clients and suppliers while ensuring that all transactions are operated on an arm's length, commercial basis.

As part of this culture, the Group ensures that all suppliers are paid in a timely fashion, unless there are sound commercial reasons why payment should not be made.

9. MAINTAIN GOVERNANCE STRUCTURES AND PROCESES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION-MAKING BY THE BOARD

Crimson Tide plc should determine governance structures and processes appropriate to it, based on:

- corporate culture;
- size;
- the capacity and appetite for risk and the tolerances of the Company;
- business complexity

There should be a clear statement as to how the Company intends to fulfil its objectives. The Company's governance structures should evolve in parallel with the Company's strategy and business.

Compliance

Details of the Company's corporate governance arrangements are provided on this page and in the Corporate Governance section of this website.

10. COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

A healthy dialogue should exist between the board and all of its shareholders to enable shareholders to come to informed decisions about the company.

Appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder body.

This will assist:

- the communication of shareholders' views to the board; and
- shareholders' understanding of the unique circumstances and constraints faced by that company.

Compliance

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy and financial position. Details of all shareholder communications are provided on the Company's website.

The Board holds regular meetings with larger shareholders and regards the annual general meeting as a good opportunity to communicate directly with shareholders via an open question and answer session.
Crimson Tide plc lists contact details on its website and on all announcements released via RNS, should shareholders wish to communicate with the Board.

Crimson Tide plc
Independent auditor's report to the shareholders of Crimson Tide plc
31 December 2019

OPINION

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk	How the scope of our audit responded to the risk
Management override of controls Journals can be posted that significantly alter the Financial Statements.	We examined journals posted around the year end, specifically focusing on areas which are more easily manipulated such as accruals, prepayments, bank reconciliations and tax.
Going Concern There is a risk that the company may hold insufficient working capital to allow it to meet its financial obligations as they fall due thus giving rise to a going concern risk.	Existing cash reserves have been evidenced and future cashflow forecasts have been reviewed to ensure sufficient cash headroom exists for a period of at least one year from the date of approving these financial statements. The Group is committed to investing in new opportunities to grow the business.
Fraud in Revenue Recognition There is a risk that revenue is materially understated due to fraud.	Income was tested on a sample basis and we concluded that no evidence of fraud or other understatement was identified.
Risk of material misstatement within related party transactions There is the risk that related party transactions are potentially incomplete or materially misstated.	Correspondence, including Board Minutes, and accounting records were reviewed for evidence of material related party transactions and it is considered that all relevant items have been disclosed. Intercompany balances were tested and found to be recorded correctly.

Our audit procedures relating to these matters were designed in the context of our audit of the Financial Statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the Financial Statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning and in the scope of our audit work and in evaluating the results of our work.

We determine materiality for the Group to be £60,500 and this financial benchmark, which has been used throughout the audit, was determined by way of a standard formula being applied to key financial results and balances presented in the Financial Statements. Where considered relevant the materiality is adjusted to suit the specific area risk profile of the Group.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Directors Report, but does not include the financial statements and our Report of the Auditors thereon.
Our opinion on the financial statements does not cover the other information and 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.

OPINION 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 Group 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 Group 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 its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors Report.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page 11 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have
no realistic alternative but to do so.

OUR 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect
a material misstatement when it exists. Misstatements can arise
from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 a Report of the Auditor 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 KINTON
(Senior Statutory Auditor)
For and on behalf of SHIPLEYS LLP
Chartered Accountants & Statutory Auditor
10 Orange Street
Haymarket
London
WC2H 7DQ
8 June 2020

Crimson Tide plc
Consolidated Statement of Profit or Loss and Comprehensive Income
For the year ended 31 December 2019

	Note	2019 £000	2018 £000
Revenue	3	2,921	2,398
Cost of Sales		(375)	(324)
Gross Profit		2,546	2,074
Other income		135	-
Administrative expenses	4	(2,285)	(1,965)
Finance costs	4	(44)	(40)
Profit before income tax expense		352	69
Income tax expense	6	-	-
Profit after income tax		352	69
Earnings per share			
Basic	7	0.08	0.02
Diluted	7	0.08	0.01

Consolidated Statement of Comprehensive Income

		2019 £000	2018 £000
Profit for the year		352	69
Items that may be classified subsequently to profit and loss			
Exchange differences on translating foreign operations		(3)	-
Total comprehensive income for the year		349	69

Crimson Tide plc
Consolidated Statement of Financial Position
As at 31 December 2019

	Note	2019 £000	2018 £000
Assets			
Non-current assets			
Intangible assets	8	2,118	1,904
Property, plant and equipment	9	325	401
Right-of-use asset	10	149	-
Deferred tax asset	11	32	32
Total non-current assets		2,624	2,337
Current assets			
Inventories		12	15
Trade and other receivables	12	1,220	903
Cash and cash equivalents	13	320	613
Total current assets		1,552	1,531
Total assets		4,176	3,868
Liabilities			
Current liabilities			
Trade and other payables	14	474	572
Borrowings	15	31	45
Lease liabilities	16	228	106
Total current liabilities		733	723
Non-current liabilities			
Borrowings	15	9	29
Lease liabilities	16	165	196
Total non-current liabilities		174	225
Total liabilities		907	948
Net assets		3,269	2,920
Equity			
Issued capital	17	457	457
Share premium	18	148	148
Other reserves	18	475	478
Reverse acquisition reserve	18	(5,244)	(5,244)
Retained profits	18	7,433	7,081
Total equity		3,269	2,920

The financial statements were approved by the board of directors on 8 June 2020 and signed on its behalf by:

BRJ Whipp
Director

LA Jeffrey
Director

Company Registration Number 00113845

Crimson Tide plc
Consolidated Statement of Changes in Equity
For the year ended 31 December 2019

Consolidated	**Issued capital £000**	**Share premium £000**	**Reserves £000**	**Retained earnings £000**	**Total equity £000**
Balance at 1 January 2018	454	121	(4,766)	7,012	2,821
Profit after income tax expense for the year	-	-	-	69	69
Share options exercised	3	27	-	-	30
Balance at 31 December 2018	457	148	(4,766)	7,081	2,920
Profit after income tax expense for the year	-	-	-	352	352
Translation movement	-	-	(3)	-	(3)
Balance at 31 December 2019	457	148	(4,769)	7,433	3,269

Crimson Tide plc
Consolidated Statement of Cash Flows
For the year ended 31 December 2019

	Note	2019 £000	2018 £000
Profit before taxation		352	69
Adjustments for:			
Amortisation of intangibles		171	141
Depreciation of property, plant and equipment		148	243
Depreciation of right-of-use assets		58	-
Unrealised currency translation gains		(3)	-
Interest paid		44	40
Operating cash flows before movements in working capital		770	493
Decrease/(increase) in inventories		3	(7)
(Increase)/decrease in trade and other receivables		(317)	70
Decrease in trade and other payables		(98)	(15)
Cash generated by operations		358	541
Income taxes paid		-	(32)
Interest paid in cash		(34)	(40)
Net cash from operating activities		324	469
Cash flows from investing activities			
Purchases of property, plant and equipment		(72)	(33)
Development expenditure capitalised		(385)	(347)
Net cash used in investing activities		(457)	(380)
Cash flows from financing activities			
Net proceeds from share issues		-	30
Repayments of borrowings		(34)	(101)
Repayments of lease liability		(61)	(162)
Repayments of lease liability (IFRS 16)	13	(65)	-
Net cash used in financing activities		(160)	(233)
Net decrease in cash and cash equivalents		(293)	(144)
Cash and cash equivalents at the beginning of the financial year		613	757
Cash and cash equivalents at the end of the financial year	13	320	613

Corporate information

Crimson Tide plc ("the Company") is a public limited company incorporated and domicile in the United Kingdom. The address of the registered office is Oakhurst House, 77 Mount Ephraim, Tunbridge Wells, Kent, TN4 8BS. Crimson Tide plc's shares are publicly traded on the Alternative Investment Market of the London Stock Exchange (AIM).

1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the company:

IFRS 16 Leases
The company has adopted IFRS 16 from 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

IFRS 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

1. Significant accounting policies (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as appropriate for for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company'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 2.

Foreign currency translation
The financial statements are presented in UK Sterling, which is Crimson Tide mpro Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into UK Sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability transaction that is not a business combination and that, at the time of the transaction, affects neither the accountin taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, an timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the forese future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

1. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets, other than investments in associates, are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office and computer equipment	5 years
PDA and smartphone equipment	3 years
Fixtures and fittings	4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

1. Significant accounting policies (continued)

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

1. Significant accounting policies (continued)

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
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.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 December 2019. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

3. Revenue

The Group has two main regional centres of operation; one in the UK, the other in Ireland but the Group's resources, including capital, human and non-current assets are utilised across the Group irrespective of where they are based or originate from. The Board via the management team, allocate these resources based on revenue generation, which due to its high margin nature and the Group's reasonably fixed overheads, in turn drives profitability and cashflow generation. The Board consider it most meaningful to monitor financial results and KPIs for the consolidated Group, and decisions are made by the Board accordingly.

In due consideration of the requirements of IFRS 8 Operating Segments, the Board consider segmental reporting by (i) region, including turnover, operating profit and non-current assets and (ii) business activity, by turnover, to be appropriate. Business activity is best split between (i) the strategic focus of the business, i.e. mobility solutions and the resulting development services that emanate from that, and (ii) non-core software solutions, including reselling third party software and related development and support services.

The analysis of each follows:

	2019 £000	**2018 £000**
Revenue by business activity		
Mobility solutions and related development services	2,444	2,203
Software development & support	477	195
	2,921	2,398

Revenue can be further analysed by geographic region as follows:

	Turnover		**Operating profit**		**Non-current assets**	
	2019 £000	**2018 £000**	**2019 £000**	**2018 £000**	**2019 £000**	**2018 £000**
Geographical regions						
UK	**2,661**	2,047	**246**	96	**2,624**	2,303
Ireland	**260**	351	**15**	13	**-**	2
	2,921	2,398	**261**	109	**2,624**	2,305

4. Expenses

	2019 £000	2018 £000
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	148	243
Buildings right-of-use assets	58	-
Total depreciation	206	243
Amortisation		
Development software	171	141
Total depreciation and amortisation	377	384
Finance costs		
Interest and finance charges paid/payable on lease liabilities	41	29
Finance costs expensed	3	11
Auditors remuneration for:		
Audit services	12	12
Auditing of accounts of associates of the Company	14	14
Other services supplied pursuant to such legislation	6	6

5. Employees

Staff costs (including executive directors) were as follows:

	2019 £000	2018 £000
Wages and salaries	943	747
Non-executive directors' fees	33	6
Compulsory social security contributions	146	133
Pension costs	88	53
	1,210	939

Directors emoluments included in the above:

	2019 £000	2018 £000
Wages and salaries	440	373
Non-executive directors' fees	33	6
Compulsory social security contributions	52	60
Pension costs	67	48
	592	487

Key management personnel are considered to be the same as the Board of Directors.

Note 5. Employees (continued)

A detailed breakdown of the remuneration of the Directors is shown on page 9.

Average monthly staff numbers in the period were as follows:

	2019 No.	2018 No.
Sales and marketing	9	9
Technical and operations	16	13
Management, finance and administration	4	4
	29	26

6. Income tax expense

No tax charge has been incorporated into the financial statements for the periods ended 31 December 2019 or 31 December 2018 due to the availability of tax losses.

	2019 £000	2018 £000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	352	69
Tax at the statutory tax rate of 19%	67	14
Effects of:		
Expenses not deductible for taxation purposes	2	7
Utilisation of tax losses brought forward	(29)	
R&D tax deduction	(40)	(23)
Excess capital allowances over depreciation	-	2
Income tax expense	-	-

The Group has an unrecognised deferred tax asset relating to carried forward taxable losses of approximately £300,000 (2018: £477,000).

7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares that would be in issue, assuming conversion of all dilutive potential ordinary shares into ordinary shares.

Reconciliation of the weighted average number of shares used in the calculations are set out below:

	2019 £	**2018 £**
Basic earnings per share		
Reported profit (£000)	352	69
Reported basic earnings per share (pence)	0.08	0.02
Reported diluted earnings per share (pence)	0.08	0.01

	2019 No.	**2018 No.**
Weighted average number of ordinary shares		
Opening balance	457,486,234	454,486,234
Effect of share placing during the year	-	493,151
Weighted average number of ordinary shares for basic EPS	457,486,234	454,979,385
Effect of options outstanding	7,427,083	8,580,357
Weighted average number of ordinary shares for diluted EPS	464,913,317	463,559,742

8. Intangible assets

Group	Goodwill £000	Development expenditure £000	Total £000
Balance at 1 January 2018	799	899	1,698
Capitalised development expenditure	-	347	347
Amortisation expense	-	(141)	(141)
Balance at 31 December 2018	799	1,105	1,904
Capitalised development expenditure	-	385	385
Amortisation expense	-	(171)	(171)
Balance at 31 December 2019	799	1,319	2,118

Goodwill can further be analysed by cash generating unit. The recoverable amount of each has been assessed based on estimated value in use.

	Crimson Tide (IE) Ltd (Healthcare) £000	**Crimson Tide mpro Ltd (Mobile sols.) £000**	**Callog Ltd (Telecoms) £000**	**Total £000**
Cost	400	280	308	988
Less impairment	-	-	(189)	(189)
Carrying amount	400	280	119	799

Management prudently assess value in use by estimating the cashflows each unit is expected to generate in the next four years based on current levels of business activity, reducing over time if appropriate at 8% p.a.

9. Property, plant and equipment

Group	**2019 £000**	**2018 £000**
Office and computer equipment - at cost	153	134
Less: Accumulated depreciation	(108)	(86)
	45	48
PDA and smartphone equipment - at cost	1,203	1,210
Less: Accumulated depreciation	(946)	(884)
	257	326
Fixtures and fittings	61	57
Less: Accumulated depreciation	(38)	(30)
	23	27
	325	401

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Office and computer equipment £000	PDA and smartphone equipment £000	Fixtures and fittings £000	Total £000
Balance at 1 January 2018	64	521	26	611
Additions	5	20	9	34
Depreciation expense	(21)	(215)	(8)	(244)
Balance at 31 December 2018	48	326	27	401
Additions	19	50	3	72
Depreciation expense	(22)	(119)	(7)	(148)
Balance at 31 December 2019	45	257	23	325

Included within the net book value of £325,000 is £216,000 (2018: £335,000) relating to PDA and smartphone equipment, computer equipment and fixtures and fittings held under finance lease agreements. The depreciation charge to the financial statements in the year in respect of such equipment amounted to £100,000 (2018: £ 175,000). There is no material difference between the value of the minimum lease payments and their net present value.

10. Right-of-use assets

Group	**2019 £000**	**2018 £000**
Land and buildings - right-of-use	207	-
Less: Accumulated depreciation	(58)	-
	149	-

The company leases land and buildings for its offices under agreement for up to five years. On renewal, the terms of the leases are renegotiated.

11. Deferred tax

Group	**2019 £000**	**2018 £000**
Movements:		
Opening balance	32	-
Credited to profit or loss	-	32
Closing balance	32	32

12. Trade and other receivables

Group	**2019 £000**	**2018 £000**
Trade receivables	649	392
Other receivables	184	71
Prepayments and accrued income	387	440
	1,220	903

As at 31 December 2019, trade receivables of £104,000 (2018: £116,000) were impaired and fully provided for. The ageing of trade receivables not impaired are as follows:

Age analysis of trade receivables	**2019 £000**	**2018 £000**
Age from invoice date		
< 30 days	512	374
30 – 60 days	102	7
60 – 90 days	11	7
> 90 days	24	4
	649	392

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

	2019 £000	**2018 £000**
Opening balance	116	89
Receivables collected in year previously provided for	-	-
Receivables written off during the year as uncollectable		-
Provision for receivables impairment for the year	(12)	27
	104	116

Company	**2019 £000**	**2018 £000**
Amounts recoverable from Group undertakings	1,352	1,388
Other receivables	27	33
Prepayments and accrued income	58	65
	1,437	1,486

13. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits held by Group companies. The carrying amount of these assets approximate their fair value.

Non-cash transactions

The adoption of IFRS 16: Leases from 1 January 2019 has resulted in the recognition of a right-of-use asset and a lease liability as described in note 16. A non-cash transaction arose as a result of the initial recognition of this item.

The non-cash transaction is reflected in the table below that explains changes in liabilities arising from financing activities.

Group	1 January 2019 £000	Cash flows from financing activities Repayments £000	Non-cash flows New lease liabilities £000	31 December 2019 £000
Lease liabilities (note 16)	-	65	217	152

Comparative figures are not required under the modified retrospective transition approach.

14. Trade and other payables

Group	2019 £000	2018 £000
Trade payables	43	60
PAYE and social security	41	42
VAT	132	83
Accruals and deferred income	258	387
	474	572

Company	2019 £000	2018 £000
Trade payables	17	25
Amounts owed to Group undertakings	280	188
Accruals	18	23
	315	236

15. Borrowings

Group	2019 £000	2018 £000
Secured bank loans – current	31	45
Secured bank loans – non-current	9	29
Secured bank loans	40	74

16. Lease liabilities

Group	2019 £000	2018 £000
Maturity analysis:		
Year 1	228	106
Years 2 – 5	165	96
After five years	-	100
	393	302
Analysed as:		
Lease liability – current	166	106
Lease liability – current (IFRS 16)	62	-
Lease liability – non-current	75	196
Lease liability – non-current (IFRS 16)	90	-
Lease liability	393	302

17. Share capital

Authorised	2019 Shares	2018 Shares	2019 £	2018 £
Ordinary shares of 0.1p each	711,950,842	711,950,842	712	712

Issued, called up	2019 Shares	2018 Shares	2019 £	2018 £
Ordinary shares - fully paid	457,486,234	457,486,234	457	457

Share options

The Company has granted equity-settled options to some of the Directors and employees under the Company's Enterprise Management Incentive Scheme (EMI Scheme) and under an unapproved scheme. The share options may not be exercised for two years from date of issue and thereafter, only if the target share price is achieved.

At 31 December 2018 the following options were outstanding in respect of ordinary shares.

Date of grant	Expiry date	Number issued	Expired/ cancelled	Exercised in 2018	Outstanding at 31 December 2019
Issued under EMI scheme					
5 November 2008*	5 Nov 2018	7,000,000	4,000,000	3,000,000	-
5 May 2010**	5 May 2020	17,500,000	4,500,000	-	13,000,000
Issued under an unapproved scheme					
5 May 2010**	5 May 2020	2,500,000	-	-	2,500,000

* Target share price of 2.5p and exercise price of 1.0p
** Target share price of 2.5p and exercise price of 1.25p

18. Reserves

Group	Share premium £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000
Balance as at 1 January 2018	121	478	(5,244)	6,708
Retained profit for the year				69
Share options exercised	27			
Balance as at 31 December 2018	148	478	(5,244)	7,081
Retained profit for the year				352
Translation movement		(3)		
Balance as at 31 December 2019	148	475	(5,244)	7,433

Company	Share premium £000	Other reserves £000	Retained earnings £000
Balance as at 1 January 2018	121	337	3,889
Retained loss for the year			(156)
Share options exercised	27		
Balance as at 31 December 2018	148	337	3,733
Retained loss for the year			(151)
Balance as at 31 December 2019	148	337	3,582

19. Investments

The Company is the holding company of the Group. The following table shows details of the Company's subsidiary undertakings at 31 December 2019. Each of these companies is wholly-owned by Crimson Tide plc, the issued share capital of each is fully paid and each is included in the consolidated accounts of the Group:

Name of Company	Activity	Country of incorporation or registration and operations
Owned directly by Crimson Tide plc		
Crimson Tide mpro Limited	Mobile data solutions	England and Wales
Crimson Tide Services Limited	Mobile data solutions	England and Wales
A. Cohen & Co. (GB) Limited	Non-trading	England and Wales
Crimson Tide (IE) Limited	Mobile data solutions	Ireland
Owned by Crimson Tide Mpro Limited		
Moneymotive Limited (100%)	Non-trading	England and Wales
Owned by Moneymotive Limited		
Callog Limited (100%)	Telecoms	England and Wales

Company	2019 £000	2018 £000
Shares in subsidiary undertakings - at cost	5,297	5,297
Less: Impairment	(1,929)	(1,929)
	3,368	3,368
Trade investment - at cost	386	386
Less: Impairment	(386)	(386)
	-	-

20. Financial instruments

Financial risk management objectives

The Group uses a limited number of financial instruments, comprising cash, short-term deposits, finance leases, loans and bank overdrafts to fund the Group's operations. The Group has other financial instruments such as trade receivables and payables, that arise directly from operations. The Group does not trade in financial instruments.

Trade and other short-term debtors/creditors have been excluded from the following disclosures:

Group	2019 £000	2018 £000
Financial assets		
Cash at bank and in hand	320	613
Financial liabilities		
Secured loans	40	74
Finance leases	393	302

Exposure to currency, credit, liquidity and interest rate risk arise in the normal course of the Group's business. The Directors review and agree policies for managing each of these risks to minimise potential adverse effects on the Group's financial performance. Sensitivity analysis indicates none are likely to have a material impact on the profitability or net assets of the Group.

Foreign currency risk
The company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The company does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Interest rate risk
The Group's policy is to minimise interest rate risk by regularly reviewing and agreeing actions to limit the Group's exposure to adverse movements in interest rates and fixing interest rates where possible.

Fair value risk factors
The net fair value of intangible assets approximate to their carrying value as disclosed in Note 8 is regularly assessed. The aggregate net fair values and carrying amounts of all other assets and liabilities, including financial assets and financial liabilities, are disclosed in the Statement of Financial Position and the Notes.

Operational risk factors
The Board considers the key operating risk to be insufficient working capital to fund the planned growth in subscriber numbers. Funding is regularly assessed against forecasts and expected growth rates and managed accordingly to minimise this risk.

21. Related party transactions

The interests of the Directors in share options are shown on pages 8 and 9.

Other than the above, no transactions with related parties were undertaken such as are required to be disclosed under International Accounting Standard 24.

Crimson Tide plc
Company Statement of Financial Position
As at 31 December 2019

	Note	2019 £000	2018 £000
Assets			
Non-current assets			
Investments	19	3,368	3,368
Total non-current assets		3,368	3,368
Current assets			
Trade and other receivables	12	1,437	1,486
Cash and cash equivalents	13	34	57
Total current assets		1,471	1,543
Total assets		4,839	4,911
Liabilities			
Current liabilities			
Trade and other payables	14	315	236
Total current liabilities		315	236
Total liabilities		315	236
Net assets		4,524	4,675
Equity			
Issued capital	17	457	457
Share premium	18	148	148
Other reserves	18	337	337
Retained profits	18	3,582	3,733
Total equity		4,524	4,675

As permitted by Section 408 of the Companies Act, the profit and loss account of the Parent Company is not presented as part of these accounts. The Parent Company's loss for the financial year amounted to £151,365 (2018 loss: £156,192).

The financial statements were approved by the board of directors on 8 June 2020 and signed on its behalf by:

BRJ Whipp
Director

LA Jeffrey
Director

Company Registration Number 00113845

Crimson Tide plc
Company Statement of Changes in Equity
31 December 2019

Company	Issued capital £000	Share premium £000	Reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2018	454	121	337	3,889	4,801
Profit after income tax expense for the year	-	-	-	(156)	(156)
Share options exercised	3	27	-	-	30
Balance at 31 December 2018	457	148	337	3,733	4,675
Profit after income tax expense for the year	-	-	-	(151)	(151)
Balance at 31 December 2019	457	148	337	3,582	4,524

Crimson Tide plc
Company Statement of Cash Flows
31 December 2019

Profit before taxation		(151)	(156)
Adjustments for:			
Decrease in trade and other receivables		49	16
Decrease in trade and other payables		79	137
Net cash from operating activities		(23)	(3)
Cash flows from financing activities			
Net proceeds from share issues		-	30
Net cash used in financing activities		-	30
Net (decrease)/increase in cash and cash equivalents		(23)	27
Cash and cash equivalents at the beginning of the financial year		57	30
Cash and cash equivalents at the end of the financial year	13	34	57

Board of Directors	BRJ Whipp (Chairman) GB Ashley SK Goodwin TJT Hawkins LA Jeffrey PM Hurter
Secretary	PM Hurter
Registered office	Oakhurst House 77 Mount Ephraim Tunbridge Wells Kent TN4 8BS
Registered number	00113845
Bankers	NatWest Bank 19 Mount Ephraim Tunbridge Wells Kent TN1 1EN
Auditors	Shipleys LLP 10 Orange Street Haymarket London WC2H 7DQ
Nominated Adviser and Broker	finnCap 60 New Broad Street London EC2M 1JJ
Solicitors	DAC Beachcroft LLP 125 Old Broad Street London EC2N 1AR
Website	www.crimsontide.co.uk