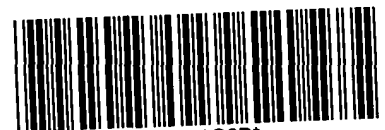


Company Registration No. 04780952 (England and Wales)

CELLXION LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2015

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CELLXION LIMITED

DIRECTORS AND ADVISERS

Directors	M Brumpton A R Timson P Moore
Secretary	T Brumpton
Company number	04780952
Registered office	Hallmark House 2 Timber Hill Road Caterham Surrey United Kingdom CR3 6LD
Registered auditors	Fitzgerald & Law LLP Chartered Accountants and Statutory Auditors 8 Lincoln's Inn Fields London United Kingdom WC2A 3BP
Solicitors	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London United Kingdom EC1Y 4AG Haseltine Lake LLP Redcliff Quay 120 Redcliff Street Bristol United Kingdom BS1 6HU
Bankers	Barclays Bank PLC 10 The Square Caterham Surrey CR3 6XH

CELLXION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 29 OCTOBER 2015

The directors present the strategic report and audited consolidated financial statements of the company and its subsidiary ("the Group") for the year ended 29 October 2015.

Review of the business and future developments

The Group reported an operating profit for the year of £733,940.

In the view of the directors, the Group performed extremely well during the financial year. This is in spite of an ever more challenging environment with budget cuts for capital purchases, and more competitors appearing in our marketplace. During FY15 we continued to build on the strengths and successes of the new product line introduced in FY14. Thanks to the foresight of planning an upgradeable and flexible platform we are still at the forefront of addressing the technical and operational needs of our customer base. In particular, Europe has introduced new frequency bands which we are able to activate with a simple software upgrade – this is a key differentiator.

The formation of the Group and the commencement of the de-merger process makes comparison to cellXion Ltd's previous years difficult, revenue in FY15 appears to have decreased slightly. However, with increased sales in European, North American and Middle Eastern markets, largely due to marketing activity in these areas, we can see that this decrease is largely as a result of accounting adjustments which should only temporarily distort the financial results. Overall revenue in the UK market was comparable to FY14, however market share within key law enforcement customers increased again this year, cementing the company's position within the UK market place.

Management is committed to keep cost increases under control particularly during FY16 as a major upgrade programme is under way which will reduce overall gross margins on products sold throughout the year. This is a strategic decision by the company to maintain customer loyalty and increase market share within the sector. Consequently, the directors anticipate the Group to continue to be profitable in the future.

In the opinion of the directors, the position of cellXion at the end of the year is strong and will enable the Group to meet its growth plans.

Principal risks and uncertainties

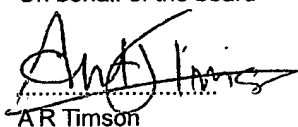
The principal risks and uncertainties faced by the Group continues to be the fast pace of change in technology within the market and the ability of a company to continually deliver solutions to the customers to address these changes. The directors feel that this risk is mitigated by the programme of development that the Group is committed to and which has seen the continued development of our market leading product line within this year. It is the belief of the directors that this product family continues to dominate the market, and support the company's strategy of growth.

The Group faces a risk that it will be unable to recruit sufficient staff to meet the growing workload as a result of the increased order intake. To mitigate this risk, management has set up procedures to ensure that the company's recruitment and compensation policies meet or exceed industry standards. Additionally, plans are in place to restructure production to meet the greater demand for equipment.

Key performance indicators

The company's key performance indicators are sales growth, product performance and increasing operating profit. In 2015, the company failed to reach some of the key performance indicators this year with turnover falling 14.25% and operating profit falling 85.88% when compared to cellXion Ltd's single company financial statements for 2014. However, when considering the impacts of the on-going demerger and the accompanying adjustments, these results are highly distorted.

On behalf of the board



A R Timson

Director

29 July 2016

CELLXION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 OCTOBER 2015

Principal activities

The principal activity of the group during the year was that of telecommunications.

Directors

The following directors have held office since 30 October 2014:

M Brumpton

A R Timson

P Moore

Results and dividends

The Consolidated Profit and Loss Account for the year is set out on .

The results for the year are set out on page 6.

Dividends amounting to £nil (2014: £945,225) were paid during the year.

Group research and development activities

The group has a programme of continuous investment in its product development activities. During the year, the company invested £831,599 (2014: £2.1m) in research and development expenditure.

Future developments

Due to strategic importance, commentary regarding future developments has been included in the Strategic Report under the heading 'Review of the business and future developments'.

Auditors

The auditors, Fitzgerald & Law LLP, will be proposed for re-appointment in the forthcoming year.

CELLXION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 29 OCTOBER 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

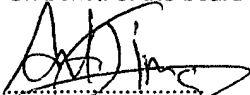
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



A R Timson

Director

29 July 2016

CELLXION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELLXION LIMITED

We have audited the group and parent company financial statements (the "financial statements") of cellXion Ltd for the year ended 29 October 2015 set out in Strategic Report, Directors' Report, Consolidated Profit and Loss Account, Statements of Recognised Gains and Losses, Consolidated and Company Balance Sheets, Consolidated Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

CELLXION LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF CELLXION LIMITED

Basis for qualified opinion on financial statements

For the reasons described below, we have been unable to obtain sufficient appropriate audit evidence regarding the brought forward stock balance at 29 October 2014 of £2,229,943.

Systems and controls concerning cut off and stock used for research and development purposes and for servicing warranties were inadequate for the purposes of ensuring the financial statements are free from material misstatement. Owing to the weaknesses in systems and controls, it was not possible to gain sufficient appropriate audit evidence through other audit procedures.

Qualified opinion on the financial statements

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the Group's and parent company's affairs as at 29 October 2015 and of the Group's profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to stock referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Fitzgerald & Law LLP

Louise Morriss ACA FCCA (Senior Statutory Auditor)
for and on behalf of Fitzgerald & Law LLP
Chartered Accountants and
Statutory Auditors

29th July 2016

8 Lincoln's Inn Fields
London
United Kingdom
WC2A 3BP

CELLXION LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 29 OCTOBER 2015

	Notes	2015 £	2014 £ as restated
Turnover	2	11,570,780	13,418,147
Cost of sales		(9,297,231)	(6,149,581)
Gross profit		2,273,549	7,268,566
Administrative expenses		(1,539,609)	(1,526,769)
Operating profit	3	733,940	5,741,797
Other interest receivable and similar income		22,701	22,078
Amounts written off investments	4	200,000	(2,820,398)
Profit on ordinary activities before taxation		956,641	2,943,477
Tax on profit on ordinary activities	5	102,800	(708,051)
Profit on ordinary activities after taxation		1,059,441	2,235,426

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

CELLXION LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 29 OCTOBER 2015

	Note	2015 £	2014 £
Profit for the financial year		1,059,441	2,235,426
Prior year adjustment	25	543,544	-
Total gains and losses recognised since last financial statements		<u>1,602,985</u>	<u>2,235,426</u>

CELLXION LIMITED

CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 29 OCTOBER 2015

Notes	Group		Company	
	2015 £	2014 £	2015 £	2014 £
	as restated		as restated	
Fixed assets				
Intangible assets	-	104,167	-	104,167
Tangible assets	240,529	50,453	194,577	50,453
Investments	1,157	1,167	1,167	1,167
	<u>241,686</u>	<u>155,787</u>	<u>195,744</u>	<u>155,787</u>
Current assets				
Stocks	1,976,457	2,229,943	1,929,504	2,229,943
Debtors	3,720,107	3,532,839	5,269,102	3,532,839
Cash at bank and in hand	5,573,766	3,404,717	5,573,766	3,404,717
	<u>11,270,330</u>	<u>9,167,499</u>	<u>12,772,372</u>	<u>9,167,499</u>
Creditors: amounts falling due within one year	<u>(3,781,128)</u>	<u>(2,763,334)</u>	<u>(3,432,664)</u>	<u>(2,763,334)</u>
Net current assets	<u>7,489,202</u>	<u>6,404,165</u>	<u>9,339,708</u>	<u>6,404,165</u>
Total assets less current liabilities	<u>7,730,888</u>	<u>6,559,952</u>	<u>9,535,452</u>	<u>6,559,952</u>
Provisions for liabilities	<u>(82,947)</u>	<u>(11,082)</u>	<u>(82,947)</u>	<u>(11,082)</u>
	<u><u>7,647,941</u></u>	<u><u>6,548,870</u></u>	<u><u>9,452,505</u></u>	<u><u>6,548,870</u></u>
Capital and reserves				
Called up share capital	100	100	100	100
Profit and loss account	7,647,841	6,548,770	9,452,405	6,548,770
Shareholders' funds	<u>7,647,941</u>	<u>6,548,870</u>	<u>9,452,505</u>	<u>6,548,870</u>

Approved by the Board and authorised for issue on 29th July 2016


A.R. Timson
Director

Company Registration No. 04780952

CELLXION LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 29 OCTOBER 2015

	£	2015 £	£	2014 £ as restated
Net cash inflow/(outflow) from operating activities		3,193,457		(53,274)
Returns on investments and servicing of finance				
Interest received	22,701		22,078	
	<u>22,701</u>		<u>22,078</u>	
Net cash inflow for returns on investments and servicing of finance		22,701		22,078
Taxation		(784,575)		13,988
Capital expenditure				
Payments to acquire tangible assets	(212,524)		(91,550)	
	<u>(212,524)</u>		<u>(91,550)</u>	
Net cash outflow for capital expenditure		(212,524)		(91,550)
Acquisitions and disposals				
Purchase of subsidiary undertakings (net of cash acquired)	(10)		-	
	<u>(10)</u>		<u>-</u>	
Net cash outflow for acquisitions and disposals		(10)		-
Equity dividends paid				
			-	(945,225)
			<u>-</u>	<u>(945,225)</u>
Net cash inflow/(outflow) before management of liquid resources and financing		2,219,049		(1,053,983)
Repayment of Directors' loan	(50,000)		-	
	<u>(50,000)</u>		<u>-</u>	
Increase/(decrease) in cash in the year		<u>2,169,049</u>		<u>(1,053,983)</u>

CELLXION LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 29 OCTOBER 2015

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities		2015	2014	
			£	£	
				as restated	
	Operating profit		733,940	5,741,131	
	Depreciation of tangible assets		85,246	37,092	
	Amortisation of intangible assets		104,167	125,000	
	Profit/(loss) on disposal of tangible assets		(1,001)	39,630	
	Decrease/(increase) in stocks		253,486	(839,766)	
	Increase in debtors		(237,056)	(2,165,973)	
	Increase/(decrease) in creditors within one year		1,907,089	(2,990,388)	
	Net effect of foreign exchange differences		77,641	-	
	Reversal of loan impairment		200,000	-	
	Other reserve movement		69,945	-	
	Net cash inflow/(outflow) from operating activities		3,193,457	(53,274)	
2	Analysis of net funds	30 October 2014	Cash flow	Other non-cash changes	29 October 2015
			£	£	£
	Net cash:				
	Cash at bank and in hand	3,404,717	2,169,049	-	5,573,766
	Net funds	3,404,717	2,169,049	-	5,573,766
3	Reconciliation of net cash flow to movement in net funds		2015	2014	
			£	£	
				as restated	
	Increase/(decrease) in cash in the year		2,169,049	(1,053,983)	
	Movement in net funds in the year		2,169,049	(1,053,983)	
	Opening net funds		3,404,717	4,458,700	
	Closing net funds		5,573,766	3,404,717	

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 OCTOBER 2015

1 Accounting policies

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

The directors do not prepare formal forecasts for a period of at least twelve months from the date of approval of the financial statements, however given their active role in the development of the business, a strong working capital position and the existence of high gross margin products, they are confident that the group can continue to trade for at least that period. As such the financial statements have been prepared on the going concern basis.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 29 October 2015. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents net invoiced sales of hardware and software excluding value added tax.

Turnover also includes net amounts invoiced to customers in respect of hardware repairs carried out on units that are no longer under warranty.

The group recognises revenue when the goods have been despatched to the customer.

Where goods are invoiced to the customer but not despatched, the revenue is taken to the balance sheet and recognised as deferred income.

Turnover also represents sales of extended warranties, excluding value added tax. Income is recognised straight line over the course of the extended warranty period.

1.5 Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

1.6 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the group is expected to benefit.

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

1 Accounting policies (Continued)

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	-25% on cost
Fixtures, fittings & equipment	-25% on cost
Motor vehicles	-25% on cost

1.8 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.10 Stock

Stocks include components, work in progress and finished goods. Components are valued at the lower of cost and net realisable value. Work in progress and finished goods are valued at the total of component and labour costs, being lower than the net realisable value of the goods. Due allowance for obsolete and slow moving stock is made when valuing all stock. Stock loaned to distributors for demonstration purposes is valued at £nil in the balance sheet.

1.11 Pensions

The group operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from those of the company in independently administered funds. Contributions payable are charged to the profit and loss account in the year they are payable.

1.12 Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

In accordance with Financial Reporting Standard 19 'Deferred Tax', deferred tax is provided in full on timing differences which represents an asset of liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax liabilities are not discounted.

1.13 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

1.14 Warranties

The company offers a twelve month warranty on its hardware sales. No provision for warranties is made in the financial statements as the cost is immaterial to the financial statements.

1.15 Impairment

The carrying value of fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2015 £	2014 £
Geographical segment		
UK	2,097,101	4,601,569
Rest of Europe	6,940,655	6,650,969
Rest of the world	2,533,024	2,163,609
	<u>11,570,780</u>	<u>13,416,147</u>

3 Operating profit

	2015 £	2014 £ as restated
Operating profit is stated after charging:		
Amortisation of intangible assets	104,167	125,000
Depreciation of tangible assets	85,246	37,092
Loss on disposal of tangible assets	7,809	39,630
Loss on foreign exchange transactions	77,641	-
Operating lease rentals	199,279	108,163
Fees payable to the group's auditor for the audit of the group's annual accounts (company £40,000; 2014 £30,000)	43,000	30,000
Remuneration of Auditors (non-audit work)	40,847	48,380
and after crediting:		
Profit on disposal of tangible assets	(8,810)	-
Profit on foreign exchange transactions	-	(11,447)
	<u> </u>	<u> </u>

4 Amounts written off investments

	2015 £	2014 £
Amounts written off fixed asset investments:		
- temporary diminution in value	-	2,820,398
Amounts written off investments in prior years written back:		
- fixed assets	(200,000)	-
	<u>(200,000)</u>	<u>2,820,398</u>

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

5	Taxation	2015 £	2014 £ as restated
	Domestic current year tax		
	U.K. corporation tax	81,071	728,948
	Adjustment for prior years	(185,791)	-
	Total current tax	<u>(104,720)</u>	<u>728,948</u>
	Deferred tax		
	Origination and reversal of timing differences	-	(20,897)
	Movement in deferred tax discount	1,920	-
		<u>1,920</u>	<u>(20,897)</u>
		<u>(102,800)</u>	<u>708,051</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>956,641</u>	<u>2,943,477</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.42% (2014: 21.83%)	<u>195,346</u>	<u>642,561</u>
	Effects of:		
	Non deductible expenses	(37,533)	654,010
	Capital allowances	(32,180)	(21,478)
	Tax losses utilised	(169,785)	(458,888)
	Adjustments to previous periods	(185,883)	(118,656)
	Other tax adjustments	125,315	31,399
		<u>(101,563)</u>	<u>728,948</u>
	Current tax charge for the year	<u>(104,720)</u>	<u>728,948</u>
6	Profit for the financial year		

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2015 £	2014 £ as restated
Holding company's profit for the financial year	<u>2,864,005</u>	<u>2,235,426</u>

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

7	Dividends	2015	2014
		£	£
	Ordinary interim paid	-	945,225
		<u> </u>	<u> </u>
8	Intangible fixed assets		
	Group		
			Patents
			£
	Cost		
	At 30 October 2014 & at 29 October 2015		250,000
			<u> </u>
	Amortisation		
	At 30 October 2014		145,833
	Charge for the year		104,167
			<u> </u>
	At 29 October 2015		250,000
			<u> </u>
	Net book value		
	At 29 October 2015		-
			<u> </u>
	At 29 October 2015		104,167
			<u> </u>
	Intangible fixed assets (continued)		
	Company		
			Patents
			£
	Cost		
	At 30 October 2014 & at 29 October 2015		250,000
			<u> </u>
	Amortisation		
	At 30 October 2014		145,833
	Charge for the year		104,167
			<u> </u>
	At 29 October 2015		250,000
			<u> </u>
	Net book value		
	At 29 October 2015		-
			<u> </u>
	At 29 October 2014		104,167
			<u> </u>

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

9 Tangible fixed assets

Group	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
As restated at 30 October 2014	257,143	11,293	56,440	324,876
Additions	109,334	-	104,191	213,525
Disposals	(837)	(4,026)	(8,995)	(13,858)
	<u>365,640</u>	<u>7,267</u>	<u>151,636</u>	<u>524,543</u>
At 29 October 2015	365,640	7,267	151,636	524,543
Depreciation				
As restated at 30 October 2014	169,744	9,908	32,975	212,627
On disposals	(837)	(4,026)	(8,995)	(13,858)
Charge for the year	51,450	462	33,333	85,245
	<u>220,357</u>	<u>6,344</u>	<u>57,313</u>	<u>284,014</u>
At 29 October 2015	220,357	6,344	57,313	284,014
Net book value				
As restated at 30 October 2014	145,283	923	94,323	240,529
	<u>145,283</u>	<u>923</u>	<u>94,323</u>	<u>240,529</u>
At 29 October 2014	25,603	1,385	23,465	50,453
	<u>25,603</u>	<u>1,385</u>	<u>23,465</u>	<u>50,453</u>

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

9 Tangible fixed assets (Continued)

Tangible fixed assets

Company

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 30 October 2014	195,349	11,293	56,440	263,082
Additions	119,289	-	104,191	223,480
Disposals	(9,646)	(4,026)	(8,995)	(22,667)
	<u>304,992</u>	<u>7,267</u>	<u>151,636</u>	<u>463,895</u>
At 29 October 2015	304,992	7,267	151,636	463,895
Depreciation				
At 30 October 2014	169,744	9,908	32,975	212,627
On disposals	(1,021)	(4,026)	(8,995)	(14,042)
Charge for the year	36,938	462	33,333	70,733
	<u>205,661</u>	<u>6,344</u>	<u>57,313</u>	<u>269,318</u>
At 29 October 2015	205,661	6,344	57,313	269,318
Net book value				
At 29 October 2015	<u>99,331</u>	<u>923</u>	<u>94,323</u>	<u>194,577</u>
At 29 October 2014	<u>25,603</u>	<u>1,385</u>	<u>23,465</u>	<u>50,453</u>

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

10 Fixed asset investments Group

	Unlisted investments £	Shares in group undertakings £	Total £
Cost			
At 30 October 2014 & at 29 October 2015	3,600,978	-	3,600,978
Provisions for diminution in value			
At 30 October 2014 & at 29 October 2015	3,599,821	-	3,599,821
Net book value			
At 29 October 2015	1,157	-	1,157
At 29 October 2014	1,157	10	1,167

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of share	Holding	Principal activity
cellXica Limited	United Kingdom	Ordinary	100%	Telecommunications

The aggregate of the share capital and reserves as at 31 December 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
cellXica Limited	(1,813,364)	(1,813,374)

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

10 Fixed asset investments (Continued)

Company

	Unlisted investments £	Shares in group undertakings £	Total £
Cost			
At 30 October 2014 & at 29 October 2015	3,600,978	10	3,600,988
Provisions for diminution in value			
At 30 October 2014 & at 29 October 2015	3,599,821	-	3,599,821
Net book value			
At 29 October 2015	1,157	10	1,167
At 29 October 2014	1,157	10	1,167

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

11 Stocks

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
	as restated		as restated	
Raw materials and consumables	890,211	1,299,575	890,211	1,299,575
Finished goods and goods for resale	1,086,246	930,368	1,039,293	930,368
	1,976,457	2,229,943	1,929,504	2,229,943

12 Debtors

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
	as restated		as restated	
Trade debtors	2,453,283	1,512,911	2,453,283	1,512,911
Amounts owed by group undertakings	-	429,876	1,548,995	429,876
Other debtors	1,260,423	988,795	1,260,423	988,795
Prepayments and accrued income	6,401	601,257	6,401	601,257
	3,720,107	3,532,839	5,269,102	3,532,839

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

13 Creditors : amounts falling due within one year

	Group		Company	
	2015 £	2014 £ as restated	2015 £	2014 £ as restated
Trade creditors	328,375	229,870	249,141	229,870
Corporation tax	81,071	970,366	81,071	970,366
Taxes and social security costs	44,933	28,817	28,958	28,817
Directors current accounts	-	9,289	-	9,289
Other creditors	15,311	22,637	15,311	22,637
Accruals and deferred income	3,311,438	1,502,355	3,058,183	1,502,355
	<u>3,781,128</u>	<u>2,763,334</u>	<u>3,432,664</u>	<u>2,763,334</u>

14 Provisions for liabilities

Group	Deferred tax liability	Other	Total
	£	£	£
Balance at 30 October 2014	11,082	-	11,082
Profit and loss account	1,920	69,945	71,865
Balance at 29 October 2015	<u>13,002</u>	<u>69,945</u>	<u>82,947</u>
Company			
Balance at 30 October 2014	11,082	-	11,082
Profit and loss account	1,920	69,945	71,865
Balance at 29 October 2015	<u>13,002</u>	<u>69,945</u>	<u>82,947</u>

The deferred tax liability is made up as follows:

	Group		Company	
	2015 £	£	2015 £	£
Accelerated capital allowances	13,002	42,475	13,002	42,475
Other timing differences	-	(31,393)	-	(31,393)
	<u>13,002</u>	<u>11,082</u>	<u>13,002</u>	<u>11,082</u>

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

15 Retirement Benefits

Contributions payable by the group for the year	57,867	30,883
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16 Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

17 Statement of movements on profit and loss account Group

	Profit and loss account £
Balance as restated at 30 October 2014	6,005,226
Prior year adjustment	543,544
Balance at 30 October 2014	6,548,770
Intercompany reconciling item	39,630
Profit for the year	1,059,441
Balance at 29 October 2015	7,647,841

Company

	Profit and loss account £
Balance at 30 October 2014	6,588,400
Profit for the year	2,864,005
Balance at 29 October 2015	9,452,405

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

18 Reconciliation of movements in shareholders' funds	2015	2014
Group	£	£
Profit for the financial year as previously stated	1,059,441	1,691,882
Prior year adjustment	-	543,544
Dividends	-	(945,225)
	<hr/>	<hr/>
Net addition to shareholders' funds	1,059,441	1,290,201
Opening shareholders' funds	6,548,870	5,258,669
	<hr/>	<hr/>
Closing shareholders' funds	7,647,941	6,548,870
	<hr/> <hr/>	<hr/> <hr/>
	2015	2014
Company	£	£
		as restated
Profit for the financial year	2,864,005	2,235,426
Dividends	-	(945,225)
	<hr/>	<hr/>
Net addition to shareholders' funds	2,864,005	1,290,201
Opening shareholders' funds	6,548,870	5,258,669
	<hr/>	<hr/>
Closing shareholders' funds	9,452,505	6,548,870
	<hr/> <hr/>	<hr/> <hr/>

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

19 Financial commitments

At 29 October 2015 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2015	2014
	£	£
Expiry date:		
Between two and five years	65,000	65,000
In over five years	22,500	22,500
	<u>87,500</u>	<u>87,500</u>

At 29 October 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2015	2014
	£	£
Expiry date:		
Between two and five years	65,000	65,000
In over five years	22,500	22,500
	<u>87,500</u>	<u>87,500</u>

20 Secured assets

A charge was registered on 25 February 2011 by the landlord of one of the company's subsidiary's offices: Cambridge Research Park Limited. The agreement is a guarantee given by way of a fixed charge secured over the rent deposit of £20,873 paid by the company and held by Cambridge Research Park Limited.

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

21 Directors' remuneration	2015 £	2014 £
Remuneration for qualifying services	232,825	244,238
Company pension contributions to defined contribution schemes	5,835	4,947
	<u>238,660</u>	<u>249,185</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2014 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	232,825	244,238
Company pension contributions to defined contribution schemes	5,835	4,947
	<u>238,660</u>	<u>249,185</u>

22 Employees

Number of employees

There were 11 employees working for the company during the year, including the Directors.

Employment costs	2015 £	2014 £ as restated
Wages and salaries	2,201,515	1,439,103
Social security costs	281,749	185,119
Other pension costs	57,867	30,883
	<u>2,541,131</u>	<u>1,655,105</u>

23 Control

M Brumpton and A Timson are considered to be the ultimate controlling parties.

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

24 Related party relationships and transactions

Group

Advances and credits granted to the directors during the year are outlined in the table below:

	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
M Brumpton	-	-	368,784	6,562	-	375,346
A Timson	3.25	(9,289)	445,000	7,289	-	443,000
P Moore	3.25	70,661	50,000	1,610	-	122,271
		<u>61,372</u>	<u>863,784</u>	<u>15,461</u>	<u>-</u>	<u>940,617</u>

£20,661 (2014: £50,000) of P Moore's loan account was cleared within nine months of the year end. The net position of S455 tax amounting to £199,983 (2014: £5,000) has been paid to HM Revenue & Customs.

CELLXION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2015

24 Related party relationships and transactions

(Continued)

Company **cellXica Limited**

During the year, purchases of £657,959 (2014: £11,890) were made from cellXica Limited, a wholly owned subsidiary of cellXion Limited.

During the year, purchases of £1,937,136 (2014: £658,499) were made on behalf of cellXica Limited.

At the year end, £1,548,995 (2014: £429,876) was due from cellXica Limited.

Wave Mobile Ltd

During the year, services totalling £nil (2014: £220,000) were purchased from Wave Mobile Ltd, a company controlled by A Timson, a director of the company.

During the year, royalties of £440,270 (2014: £488,919) were payable to Wave Mobile Ltd.

Luggage Logistics Limited

During the year, services totalling £114,500 (2014: £118,708) were purchased from Luggage Logistics Limited, a company in which A Timson, is a director and shareholder.

Included within trade creditors at the balance sheet date is an amount of £9,350 (2014: £9,350) due to Luggage Logistics Limited.

Deltenna Limited

During the period, services totalling £1,776,216 (2014: £1,171,751) were purchased from Deltenna Limited, a company in which P Moore, a director of the company, is a director.

Included within other debtors at the balance sheet date is an amount of £307,683 (2014: £361,395) in respect of amounts paid for services not yet performed.

cellXion Ltd also have an existing investment in Deltenna Limited, as discussed in note 5.

5and3 Limited

During the year, services totalling £6,177 (2014: £11,654) were purchased from 5and3 Limited, a company in which M Brumpton's son-in-law, is a director.

25 Prior year adjustment

Since the incorporation of cellXica Limited, the subsidiary of cellXion Ltd, on 01 July 2014 and up to the date of the prior year financial statements, the results of the new entity were included with the parent company's financial results which were not consolidated. The comparative financial information for cellXion Ltd, the company, has therefore been restated to take into accounts the reallocation of relevant costs to cellXica Limited. The error has been corrected in the current period which has resulted in an increase in £543,544 in the profit and loss reserve brought forward to the current year.