

REGISTERED NUMBER: 07266974 (England and Wales)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
CAMBRIDGE COMMUNICATION SYSTEMS LIMITED



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FOR THE YEAR ENDED 31 DECEMBER 2018**

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CAMBRIDGE COMMUNICATION SYSTEMS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTORS:

R Sansom
D Cleevely
M Harriman
M Foliano

REGISTERED OFFICE:

Victory House, Vision Park
Chivers Way
Cambridge
Cambridgeshire
CB24 9ZR

REGISTERED NUMBER:

07266974 (England and Wales)

AUDITORS:

Chater Allan LLP
Chartered Accountants
& Statutory Auditors
Beech House
4a Newmarket Road
Cambridge
Cambridgeshire
CB5 8DT

CAMBRIDGE COMMUNICATION SYSTEMS LIMITED (REGISTERED NUMBER: 07266974)

**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018**

	Notes	2018		2017	
		£	£	£	£
FIXED ASSETS					
Tangible assets	4		77,940		80,697
CURRENT ASSETS					
Stocks	5	1,018,865		1,151,177	
Debtors	6	1,597,995		1,205,549	
Cash at bank		381,654		372,257	
		<u>2,998,514</u>		<u>2,728,983</u>	
CREDITORS					
Amounts falling due within one year	7	<u>1,733,983</u>		<u>616,114</u>	
NET CURRENT ASSETS			<u>1,264,531</u>		<u>2,112,869</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,342,471</u>		<u>2,193,566</u>
CREDITORS					
Amounts falling due after more than one year	8		(3,279,120)		-
PROVISIONS FOR LIABILITIES	11		<u>(30,837)</u>		<u>(30,837)</u>
NET (LIABILITIES)/ASSETS			<u><u>(1,967,486)</u></u>		<u><u>2,162,729</u></u>
CAPITAL AND RESERVES					
Called up share capital	12		775		772
Share premium	13		19,818,636		19,809,292
Equity reserve	13		340,078		239,735
Retained earnings	13		<u>(22,126,975)</u>		<u>(17,887,070)</u>
SHAREHOLDERS' FUNDS			<u><u>(1,967,486)</u></u>		<u><u>2,162,729</u></u>

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Statement of Comprehensive Income has not been delivered.

The financial statements were approved by the Board of Directors on 2 APRIL 2019 and were signed on its behalf by:



.....
M Harriman - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATUTORY INFORMATION

Cambridge Communication Systems Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Critical accounting judgements and key sources of estimation uncertainty

The directors make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

The directors are of the opinion that the fair value of Share Options granted, as disclosed in note 19 to the financial statements, are not materially different from the market value of the underlying Ordinary Shares as at the date of grant of the Options. Any differences between the market value of the underlying shares and the fair value of the Options would impact on the carrying amount of the Equity Reserve.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is derived from the principal activity of the development of next generation mobile solutions for both developed and emerging markets.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - 33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The company is forecast to make a further loss for the 12 months ended 31 December 2019. The company's ability to continue as a going concern is therefore dependent upon the following:

- 1) To achieve sales targets as set out in the company's latest budget and cashflow forecast;
- 2) Continued support by the investors in terms of additional funding.

Taking all known factors into account the board considers Cambridge Communication Systems Limited to be a going concern.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 29 (2017 - 30).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

4. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Totals £
COST			
At 1 January 2018	471,207	69,501	540,708
Additions	55,246	-	55,246
Disposals	(149,564)	-	(149,564)
At 31 December 2018	<u>376,889</u>	<u>69,501</u>	<u>446,390</u>
DEPRECIATION			
At 1 January 2018	403,605	56,406	460,011
Charge for year	52,734	5,269	58,003
Eliminated on disposal	(149,564)	-	(149,564)
At 31 December 2018	<u>306,775</u>	<u>61,675</u>	<u>368,450</u>
NET BOOK VALUE			
At 31 December 2018	<u>70,114</u>	<u>7,826</u>	<u>77,940</u>
At 31 December 2017	<u>67,602</u>	<u>13,095</u>	<u>80,697</u>

5. STOCKS

	2018 £	2017 £
Stocks	<u>1,018,865</u>	<u>1,151,177</u>

6. DEBTORS

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	319,214	71,578
Other debtors	400	400
Tax	562,820	792,057
VAT	13,498	6,618
Prepayments and accrued income	596,057	228,890
	<u>1,491,989</u>	<u>1,099,543</u>
Amounts falling due after more than one year:		
Other debtors	<u>106,006</u>	<u>106,006</u>
Aggregate amounts	<u>1,597,995</u>	<u>1,205,549</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2018 £	2017 £
Other loans (see note 9)	501,158	-
Trade creditors	474,040	333,246
Social security and other taxes	68,972	66,267
Other creditors	47,270	20,704
Accruals and deferred income	642,543	195,897
	<u>1,733,983</u>	<u>616,114</u>
8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2018 £	2017 £
Other loans (see note 9)	3,279,120	-
	<u>3,279,120</u>	<u>-</u>
9. LOANS		
An analysis of the maturity of loans is given below:		
	2018 £	2017 £
Amounts falling due within one year or on demand:		
Other loans	501,158	-
	<u>501,158</u>	<u>-</u>
Amounts falling due between one and two years:		
Other loans - 1-2 years	3,279,120	-
	<u>3,279,120</u>	<u>-</u>
10. LEASING AGREEMENTS		
Minimum lease payments under non-cancellable operating leases fall due as follows:		
	2018 £	2017 £
Within one year	212,011	212,011
Between one and five years	848,046	848,045
In more than five years	35,335	141,341
	<u>1,095,392</u>	<u>1,201,397</u>
11. PROVISIONS FOR LIABILITIES	2018 £	2017 £
Deferred tax	19,000	19,000
Other provisions	11,837	11,837
	<u>30,837</u>	<u>30,837</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

11. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £	Warranty provision £
Balance at 1 January 2018	19,000	11,837
Balance at 31 December 2018	<u>19,000</u>	<u>11,837</u>

The warranty provision is based on 1% of sales made in the year.

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £	2017 £
50,029,363	Ordinary	£0.000005	250	247
14,937,857	Non-Voting	£0.000005	75	75
-	A Ordinary	£0.000005	-	125
90,000,008	Preferred	£0.000005	450	325
			775	772
154,967,228		£0.000005	<u>775</u>	<u>772</u>

On 19 February 2018 the Company issued 628,804 Ordinary shares at a premium of £0.01486 per share. On 12 March 2018 the Company converted 24,901,657 A Ordinary shares to preferred shares.

At the period end there were 154,967,228 shares in issue with a nominal value of £0.000005 each

13. RESERVES

	Retained earnings £	Share premium £	Equity reserve £	Totals £
At 1 January 2018	(17,887,070)	19,809,292	239,735	2,161,957
Deficit for the year	(4,239,905)			(4,239,905)
Cash share issue	-	9,344	-	9,344
Options granted	-	-	100,343	100,343
At 31 December 2018	<u>(22,126,975)</u>	<u>19,818,636</u>	<u>340,078</u>	<u>(1,968,261)</u>

14. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Stuart Graham Berriman (Senior Statutory Auditor)
for and on behalf of Chater Allan LLP

15. RELATED PARTY DISCLOSURES

During the period the company was not controlled by any one individual.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. SHARE-BASED PAYMENT TRANSACTIONS

In November 2011 the company established an Enterprise Management Investment Share Option Scheme. The Scheme was established to recruit, motivate and retain key permanent employees.

At 01 January 2018, 15,692,740 Options were outstanding at an exercise price of between £0.0125 and £0.02. During the year 628,804 Options were exercised, no Options were granted, 957,286 Options lapsed during the year. At 31 December 2018, 14,106,650 Share Options were outstanding at an exercise price of between £0.0125 and £0.02.

The EMI Options granted become exercisable as follows:-

- on or after the first anniversary of the Vesting Start Date, an Option shall become exercisable as to one-quarter of the total number of Option shares;
- at the end of the first quarter after the first anniversary of the Vesting Start Date and on each subsequent quarter day an Option shall become exercisable as to one-sixteenth of the total number of Option shares.
- an Option may not be exercised later than the day before the tenth anniversary of the Date of Grant.

The Vesting Start Date in relation to any Option is the date set by the directors, as evidenced by the Option certificate.

The company also operates an unapproved share option scheme. At 01 January 2018, 3,691,640 Options were outstanding at an exercise price of between £0.0124 and £0.015. During the year, 117,544 Options lapsed, 869,016 Options were granted at an exercise price of £0.02 per share, and no Options were exercised. At 31 December 2018, 4,443,112 Options were outstanding at an exercise price of between £0.0125 and £0.02.