

REGISTERED NUMBER: 07266974 (England and Wales)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
CAMBRIDGE COMMUNICATION SYSTEMS LIMITED



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FOR THE YEAR ENDED 31 DECEMBER 2019**

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CAMBRIDGE COMMUNICATION SYSTEMS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

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)

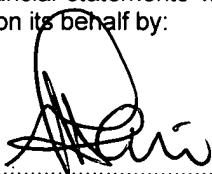
**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019**

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	4	47,186	77,940
CURRENT ASSETS			
Stocks	5	1,003,159	1,018,865
Debtors	6	1,230,562	1,597,995
Cash at bank		322,277	381,654
		<u>2,555,998</u>	<u>2,998,514</u>
CREDITORS			
Amounts falling due within one year	7	1,085,846	1,733,983
NET CURRENT ASSETS		<u>1,470,152</u>	<u>1,264,531</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,517,338</u>	<u>1,342,471</u>
CREDITORS			
Amounts falling due after more than one year	8	(739,259)	(3,279,120)
PROVISIONS FOR LIABILITIES	12	(23,837)	(30,837)
NET ASSETS/(LIABILITIES)		<u><u>754,242</u></u>	<u><u>(1,967,486)</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	1,747	775
Share premium	14	25,578,161	19,818,636
Equity reserve	14	378,765	340,078
Retained earnings	14	(25,204,431)	(22,126,975)
SHAREHOLDERS' FUNDS		<u><u>754,242</u></u>	<u><u>(1,967,486)</u></u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

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 5TH MARCH 2020 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 2019**

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 Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" 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 20 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 2019**

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 2020. 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. The company is forecasting a funding round during 2020.

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 23 (2018 - 29).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

4. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Totals £
COST			
At 1 January 2019	376,889	69,501	446,390
Additions	11,270	-	11,270
Disposals	(1,061)	-	(1,061)
	<u>387,098</u>	<u>69,501</u>	<u>456,599</u>
DEPRECIATION			
At 1 January 2019	306,775	61,675	368,450
Charge for year	36,175	5,142	41,317
Eliminated on disposal	(354)	-	(354)
	<u>342,596</u>	<u>66,817</u>	<u>409,413</u>
NET BOOK VALUE			
At 31 December 2019	<u>44,502</u>	<u>2,684</u>	<u>47,186</u>
At 31 December 2018	<u>70,114</u>	<u>7,826</u>	<u>77,940</u>

5. STOCKS

	2019 £	2018 £
Stocks	<u>1,003,159</u>	<u>1,018,865</u>

6. DEBTORS

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	177,126	319,214
Other debtors	400	400
Tax	585,562	562,820
VAT	63,026	13,498
Prepayments and accrued income	298,443	596,057
	<u>1,124,557</u>	<u>1,491,989</u>
Amounts falling due after more than one year:		
Other debtors	<u>106,005</u>	<u>106,006</u>
Aggregate amounts	<u>1,230,562</u>	<u>1,597,995</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Other loans (see note 9)	-	501,158
Trade creditors	710,750	474,040
Social security and other taxes	46,974	68,972
Other creditors	28,484	47,270
Accruals and deferred income	299,638	642,543
	<u>1,085,846</u>	<u>1,733,983</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Other loans (see note 9)	<u>739,259</u>	<u>3,279,120</u>

9. LOANS

An analysis of the maturity of loans is given below:

	2019	2018
	£	£
Amounts falling due within one year or on demand:		
Other loans	<u>-</u>	<u>501,158</u>
Amounts falling due between one and two years:		
Other loans - 1-2 years	<u>-</u>	<u>3,279,120</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>739,259</u>	<u>-</u>

10. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
Within one year	212,011	212,011
Between one and five years	599,744	848,046
In more than five years	-	35,335
	<u>811,755</u>	<u>1,095,392</u>

11. SECURED DEBTS

The following secured debts are included within creditors:

	2019	2018
	£	£
Other loans	<u>739,259</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

12. PROVISIONS FOR LIABILITIES

	2019	2018
	£	£
Deferred tax	12,000	19,000
Other provisions	11,837	11,837
	<u>23,837</u>	<u>30,837</u>
	Deferred tax	Warranty provision
	£	£
Balance at 1 January 2019	19,000	11,837
Credit to Statement of Comprehensive Income during year	(7,000)	-
Balance at 31 December 2019	<u>12,000</u>	<u>11,837</u>

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

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
162,882,617	Ordinary	£0.000005	814	250
-	Non-Voting	£0.000005	-	75
-	Preferred	£0.000005	-	450
186,610,697	A Preferred	£0.000005	933	-
			<u>1,747</u>	<u>775</u>
349,493,314		£0.000005	<u>1,747</u>	<u>775</u>

On 8 February 2019 the Preferred Shares, and Non-Voting shares were re-designated as Ordinary shares. On the same date the Company issued 7,915,389 Ordinary shares, and 182,542,542 A Preferred shares all at a premium of £0.029678695 per share.

On 31 October 2019 the Company issued a further 4,068,155 A Preferred shares at a premium of £0.29679 per share.

At the period end there were 349,493,314 shares in issue with a nominal value of £0.000005 each

14. RESERVES

	Retained earnings	Share premium	Equity reserve	Totals
	£	£	£	£
At 1 January 2019	(22,126,975)	19,818,636	340,078	(1,968,261)
Deficit for the year	(3,077,456)			(3,077,456)
Cash share issue	-	5,759,525	-	5,759,525
Options granted	-	-	38,687	38,687
At 31 December 2019	<u>(25,204,431)</u>	<u>25,578,161</u>	<u>378,765</u>	<u>752,495</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

The Report of the Auditors was unqualified.

As disclosed in detail in note 1 to the accounts, the company's ability to continue as a going concern is dependent upon the continued support of the investors in terms of additional funding. Our opinion is not qualified in this respect.

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

16. RELATED PARTY DISCLOSURES

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

17. 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 2019, 14,106,650 Options were outstanding at an exercise price of between £0.0125 and £0.02. During the year no Options were exercised or granted, and 4,367,611 Options lapsed. At 31 December 2019, 9,739,039 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 2019 and 31 December 2019, 4,443,112 Options were outstanding at an exercise price of between £0.0125 and £0.02.