

Registered number: 09111612 (England and Wales)

CELLXICA LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2023

CELLXICA LIMITED

COMPANY INFORMATION

Directors

A R Timson
N P Mahasinghe
S A Matthews

Registered number

09111612

Registered office

Building 7200
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Beach Drive
Waterbeach, Cambridge
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Independent auditors

ZEDRA Corporate Reporting Services (UK) Limited

CELLXICA LIMITED

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BALANCE SHEET
AS AT 31 OCTOBER 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible fixed assets	5	413,570	548,451
Tangible fixed assets	6	331,291	356,179
Investments	7	255	-
		<u>745,116</u>	<u>904,630</u>
Current assets			
Stocks	8	513,183	459,188
Debtors: amounts falling due after more than one year	9	465,666	-
Debtors: amounts falling due within one year	9	2,716,824	1,950,551
Bank and cash balances		5,286,871	5,123,233
		<u>8,982,544</u>	<u>7,532,972</u>
Creditors: amounts falling due within one year	10	(1,566,464)	(1,437,651)
Net current assets		<u>7,416,080</u>	<u>6,095,321</u>
Total assets less current liabilities		<u>8,161,196</u>	<u>6,999,951</u>
Provisions for liabilities			
Deferred tax	11	(72,282)	(72,282)
		<u>(72,282)</u>	<u>(72,282)</u>
Net assets		<u><u>8,088,914</u></u>	<u><u>6,927,669</u></u>

BALANCE SHEET (CONTINUED)
AS AT 31 OCTOBER 2023

	Note	2023 £	2022 £
Capital and reserves			
Called up share capital	12	11	11
Share premium account		58,587	58,587
Share based payment reserve	13	286,429	286,429
Profit and loss account		7,743,887	6,582,642
		<u>8,088,914</u>	<u>6,927,669</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

N P Mahasinghe
Director

Date: 2 February 2024

The notes on pages 4 to 14 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2023**

	Called up share capital £	Share premium account £	Share based payment reserve £	Profit and loss account £	Total equity £
At 1 November 2021	10	-	345,017	5,790,042	6,135,069
Comprehensive income for the year					
Profit for the year	-	-	-	734,012	734,012
Share based payment charge	-	-	(58,588)	58,588	-
Shares issued during the year	1	58,587	-	-	58,588
At 1 November 2022	11	58,587	286,429	6,582,642	6,927,669
Comprehensive income for the year					
Profit for the year	-	-	-	1,161,245	1,161,245
At 31 October 2023	11	58,587	286,429	7,743,887	8,088,914

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

1.2 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

1.3 Going concern

The Company has net assets of £8,088,914 at the balance sheet date, which is primarily supported by a strong cash position. The directors have considered the Company forecasts and have concluded that there will be sufficient working capital for at least 12 months from the date of approval of these financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

1. Accounting policies (continued)

1.5 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

1.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Patents	-	4	years
Development costs	-	3	years
Trademarks	-	10	years

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Plant and machinery - 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

Debtors falling due after more than one year are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions.

1.12 Creditors

Short term creditors are measured at the transaction price.

1.13 Government grants

Grants are accounted for under the performance model as permitted by FRS 102. Grants of a revenue nature are credited to profit or loss once there is reasonable assurance that the entity has complied with the conditions attached to them and the grants will be received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

1. Accounting policies (continued)

1.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.15 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

1.16 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

1. Accounting policies (continued)

1.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.18 Interest income

Interest income is recognised in profit or loss using the effective interest method.

1.19 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, three years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In respect of the judgements, estimates and assumptions made by management in preparing these financial statements none are considered to have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities presented.

Useful economic life of tangible and intangible fixed assets

Management's estimation of the useful economic life of fixed assets are based on historic experience and their product expertise. This is an estimation and could cause material misstatement in the financial statements.

Impairment and valuation of stock

Stock is valued at the lower of cost and net realisable value. In almost all cases management estimates that stock will be sold for greater than cost and as a result no impairment is recorded. In the case of stock which requires repair or no sale has been recorded in the past 12 months, management makes a determination that this stock should be impaired. This estimation is based on management being prudent in relation to the valuation of assets. This could have a material impact on the valuation of stock.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

2. **Judgements in applying accounting policies (continued)**

Recoverability of amounts owed by associated

Included in debtors due after more than one year is a loan balance with an associated entity. This is a newly established entity and the Company has provided loan financing to support the initial operations. The directors are confident that the associate will be successful and expect the loan to be recovered over a period of four years. This is a significant judgement which may give rise to material misstatement in these financial statements

3. **Auditors' information**

The auditors' report on the financial statements for the year ended 31 October 2023 was unqualified.

The audit report was signed on 2 February 2024 by Edward Wallis ACA (Senior Statutory Auditor) on behalf of ZEDRA Corporate Reporting Services (UK) Limited.

4. **Employees**

The average monthly number of employees, including directors, during the year was 23 (2022 - 22).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

5. Intangible assets

	Patents £	Development Costs £	Trademarks £	Total £
Cost				
At 1 November 2022	17,006	6,574,843	-	6,591,849
Additions	-	-	15,570	15,570
Additions - internal	-	324,193	-	324,193
Disposals	(1,003)	-	-	(1,003)
	<u>16,003</u>	<u>6,899,036</u>	<u>15,570</u>	<u>6,930,609</u>
At 31 October 2023	<u>16,003</u>	<u>6,899,036</u>	<u>15,570</u>	<u>6,930,609</u>
Amortisation				
At 1 November 2022	14,568	6,028,830	-	6,043,398
Charge for the year on owned assets	743	472,449	689	473,881
On disposals	(240)	-	-	(240)
	<u>15,071</u>	<u>6,501,279</u>	<u>689</u>	<u>6,517,039</u>
At 31 October 2023	<u>15,071</u>	<u>6,501,279</u>	<u>689</u>	<u>6,517,039</u>
Net book value				
At 31 October 2023	<u>932</u>	<u>397,757</u>	<u>14,881</u>	<u>413,570</u>
At 31 October 2022	<u>2,438</u>	<u>546,013</u>	<u>-</u>	<u>548,451</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

6. Tangible fixed assets

	Plant and machinery £
Cost	
At 1 November 2022	809,413
Additions	119,603
Disposals	(4,786)
	<hr/>
At 31 October 2023	924,230
Depreciation	
At 1 November 2022	453,234
Charge for the year on owned assets	144,016
Disposals	(4,311)
	<hr/>
At 31 October 2023	592,939
Net book value	
At 31 October 2023	<u>331,291</u>
<i>At 31 October 2022</i>	<u>356,179</u>

7. Fixed asset investments

	Investments in associates £
Cost or valuation	
Additions	255
	<hr/>
At 31 October 2023	<u>255</u>

Fixed asset investments represent shares of common stock in cellXicus, Inc., a company incorporated in the US, representing a 30% investment in an associate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

8. Stocks

	2023 £	2022 £
Finished goods and goods for resale	513,183	459,188
	<u>513,183</u>	<u>459,188</u>

The carrying value of stocks are stated net of provision for impairment totalling £226,013 (2022: £229,383). Impairment losses totalling £nil (2022: £43,650) were recognised in profit and loss.

9. Debtors

	2023 £	2022 £
Due after more than one year		
Amounts owed by associate undertakings	465,666	-
	<u>465,666</u>	<u>-</u>

Debtors due after more than one year relate to a loan made to cellXicus, Inc., an associate undertaking. This loan is repayable in 4 years with an interest rate of 3.97% per annum.

	2023 £	2022 £
Due within one year		
Trade debtors	341,833	47,669
Other debtors	99,546	-
Prepayments and accrued income	2,275,445	1,902,882
	<u>2,716,824</u>	<u>1,950,551</u>

10. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	142,909	179,359
Corporation tax	254,966	260,249
Other taxation and social security	115,154	98,350
Accruals and deferred income	1,053,435	899,693
	<u>1,566,464</u>	<u>1,437,651</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

11. Deferred taxation

	2023 £
At beginning of year	(72,282)
Charged to profit or loss	-
At end of year	<u>(72,282)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(72,282)	(72,282)
	<u>(72,282)</u>	<u>(72,282)</u>

12. Share capital

	2023 £	2022 £
Shares classified as equity		
Allotted, called up and fully paid		
500 Class A shares of £0.01 each	5	5
500 Class B shares of £0.01 each	5	5
77 Class C shares of £0.01 each	1	1
	<u>11</u>	<u>11</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

13. Share based payment reserve

In 2018, certain employees of the Company were granted the option to purchase shares in the Company. The shares were granted at an independently verified fair value equivalent to the exercise price and are scheduled to be vested three years from the vesting start date.

An expense equivalent to the fair value of options which have vested to date has been recorded in the Statement of Comprehensive Income, with the corresponding entry to the share based payment reserve, a component of equity.

In 2020, share options were granted to a previous employee, these options have a vesting date of 28 February 2021 and expire on 28 February 2028. The directors consider it probable that the previous employee will take up the rights to these share options and therefore have recognised an expense in line with the vesting conditions.

In 2022, 77 share options were exercised and equity settled. Shares issued in the Company have been detailed in Note 11.

14. Contingent liabilities

As of 20 September 2023, the Company agreed to provide a financial loan of £300,000 to Neutral Host Networks CiC. The Company confirms the funds are readily available subject to the completion of the terms and conditions of the agreement, which have not been finalised as at the reporting date.

15. Commitments under operating leases

At 31 October 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023	<i>2022</i>
	£	<i>£</i>
Not later than one year	193,011	<i>133,109</i>
Later than one year and not later than five years	180,432	<i>377,141</i>
	<u>373,443</u>	<i><u>510,250</u></i>

16. Post balance sheet events

There were no adjusting or other non-adjusting events occurring between the end of the reporting period and the date these financial statements were approved.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.