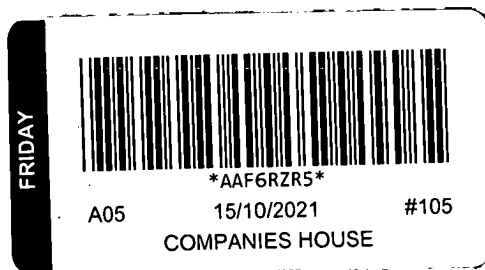


REGISTERED NUMBER: 07266974 (England and Wales)

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
**FOR**  
**CAMBRIDGE COMMUNICATION SYSTEMS LIMITED**



**CAMBRIDGE COMMUNICATION SYSTEMS LIMITED (REGISTERED NUMBER: 07266974)**

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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**CAMBRIDGE COMMUNICATION SYSTEMS LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**DIRECTORS:**

R Sansom  
D Cleevely  
M Harriman  
R Conger

**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)

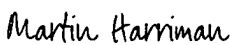
STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>FIXED ASSETS</b>					
Tangible assets	4		47,759		47,186
<b>CURRENT ASSETS</b>					
Stocks	5	231,309		1,003,159	
Debtors	6	1,112,537		1,230,562	
Cash at bank		1,108,484		322,277	
		<u>2,452,330</u>		<u>2,555,998</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	7	580,784		1,085,846	
<b>NET CURRENT ASSETS</b>					
			<u>1,871,546</u>		<u>1,470,152</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			1,919,305		1,517,338
<b>CREDITORS</b>					
Amounts falling due after more than one year (including convertible debt)	8		(5,283,126)		(739,259)
<b>PROVISIONS FOR LIABILITIES</b>	12		(15,837)		(23,837)
<b>NET (LIABILITIES)/ASSETS</b>					
			<u>(3,379,658)</u>		<u>754,242</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		1,761		1,747
Share premium	14		25,618,305		25,578,161
Equity reserve	14		600,594		378,765
Retained earnings	14		(29,600,318)		(25,204,431)
<b>SHAREHOLDERS' FUNDS</b>					
			<u>(3,379,658)</u>		<u>754,242</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 and authorised for issue on 25 March 2021 and were signed on its behalf by:

DocuSigned by:  
  
 DB43E580CD43470...  
 M Harriman - Director

**CAMBRIDGE COMMUNICATION SYSTEMS LIMITED (REGISTERED NUMBER: 07266974)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**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 21 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.

**CAMBRIDGE COMMUNICATION SYSTEMS LIMITED (REGISTERED NUMBER: 07266974)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**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.

**Share based payments**

The cost and corresponding increase in equity in respect of equity-settled share-based payment transactions with employees are measured by reference to the fair value of equity instruments issued at the date of grant. Amounts are expensed over the vesting period based on the estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 24 (2019 - 23).

## CAMBRIDGE COMMUNICATION SYSTEMS LIMITED (REGISTERED NUMBER: 07266974)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 4. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Totals £
<b>COST</b>			
At 1 January 2020	387,098	69,501	456,599
Additions	33,113	-	33,113
At 31 December 2020	<u>420,211</u>	<u>69,501</u>	<u>489,712</u>
<b>DEPRECIATION</b>			
At 1 January 2020	342,596	66,817	409,413
Charge for year	29,856	2,684	32,540
At 31 December 2020	<u>372,452</u>	<u>69,501</u>	<u>441,953</u>
<b>NET BOOK VALUE</b>			
At 31 December 2020	<u>47,759</u>	<u>-</u>	<u>47,759</u>
At 31 December 2019	<u>44,502</u>	<u>2,684</u>	<u>47,186</u>

## 5. STOCKS

	2020 £	2019 £
Stocks	<u>231,309</u>	<u>1,003,159</u>

## 6. DEBTORS

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	49,406	177,126
Other debtors	400	400
Tax	757,893	585,562
VAT	25,305	63,026
Prepayments and accrued income	173,527	298,443
	<u>1,006,531</u>	<u>1,124,557</u>
Amounts falling due after more than one year:		
Other debtors	<u>106,006</u>	<u>106,005</u>
Aggregate amounts	<u>1,112,537</u>	<u>1,230,562</u>

## 7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	303,371	710,750
Social security and other taxes	147,949	46,974
Other creditors	40,844	28,484
Accruals and deferred income	88,620	299,638
	<u>580,784</u>	<u>1,085,846</u>

**CAMBRIDGE COMMUNICATION SYSTEMS LIMITED (REGISTERED NUMBER: 07266974)****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020****8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020 £	2019 £
Other loans (see note 9)	5,283,126	739,259

Included in Loans above are convertible loan notes of £4,558,925. These convertible loan notes have been treated as having both a debt and equity feature. The equity element is shown as part of Reserves and totals £204,365. If no equity feature had been applied the liability as at 31 December 2020 would total £4,763,290.

**9. LOANS**

An analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due between two and five years:		
Other loans - 2-5 years	5,283,126	739,259

**10. LEASING AGREEMENTS**

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

	2020 £	2019 £
Within one year	212,012	212,011
Between one and five years	387,733	599,744
	<u>599,745</u>	<u>811,755</u>

**11. SECURED DEBTS**

The following secured debts are included within creditors:

	2020 £	2019 £
Other loans	5,283,126	739,259

**12. PROVISIONS FOR LIABILITIES**

	2020 £	2019 £
Deferred tax	4,000	12,000
Other provisions	11,837	11,837
	<u>15,837</u>	<u>23,837</u>
	Deferred tax £	Warranty provision £
Balance at 1 January 2020	12,000	11,837
Credit to Income Statement during year	(8,000)	-
	<u>4,000</u>	<u>11,837</u>
Balance at 31 December 2020	<u>4,000</u>	<u>11,837</u>

**CAMBRIDGE COMMUNICATION SYSTEMS LIMITED (REGISTERED NUMBER: 07266974)****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020****12. PROVISIONS FOR LIABILITIES - continued**

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:	2020 £	2019 £
165,620,211	Ordinary	£0.000005	828	814
186,610,697	A Preferred	£0.000005	933	933
<u>352,230,908</u>		<u>£0.000005</u>	<u>1,761</u>	<u>1,747</u>

In December 2020, 2,737,854, Ordinary shares were issued at a premium per share of £0.01466 per share.

At the period end there were 352,230,908 shares in issue with a nominal value of £0.000005 each

**14. RESERVES**

	Retained earnings £	Share premium £	Equity reserve £	Totals £
At 1 January 2020	(25,204,431)	25,578,161	378,765	752,495
Deficit for the year	(4,395,887)			(4,395,887)
Cash share issue	-	40,144	-	40,144
Equity element of convertible loans	-	-	204,365	204,365
Options granted	-	-	17,464	17,464
At 31 December 2020	<u>(29,600,318)</u>	<u>25,618,305</u>	<u>600,594</u>	<u>(3,381,419)</u>

**15. 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

**16. RELATED PARTY DISCLOSURES**

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

On 2nd March 2020, 12,250,000 share options were issued to Martin Harriman a director, at £0.000005 per share.

**CAMBRIDGE COMMUNICATION SYSTEMS LIMITED (REGISTERED NUMBER: 07266974)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**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 2020, 9,739,039 share options were outstanding at an exercise price of between £0.0125 and £0.02. During the year 15,075,000 options were granted at an exercise price of £0.000005, no options were exercised, and 3,881,974 options lapsed. At 31 December 2020, 20,932,065 share options were outstanding at an exercise price of between £0.000005 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 2020 4,443,112 options were outstanding at an exercise price of between £0.0125 and £0.02. During the year, 12,510,000 options were granted at an exercise price of £0.000005, no options were exercised, and 23,509 options lapsed. As at 31 December 2020, 16,929,603 options were outstanding at an exercise price of between £0.000005 and £0.02.

**18. GOING CONCERN**

The company is forecast to make a further loss for the 12 months ended 31 December 2021. The company's ability to continue as a going concern is therefore dependent upon the following:

- 1) Continued support by the investors in terms of additional funding. This funding could be in the form of convertible loan notes or equity, and the company is forecasting a minimum funding round requirement of £3mn, in the first half of 2021.
- 2) To achieve sales targets as set out in the company's latest budget and cashflow forecast.

The directors have considered the potential impact on the company of the current global pandemic known as COVID-19. In the opinion of the directors there will be no material adverse effect on the company's ability to trade. The directors believe the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Taking all known factors into account the board considers Cambridge Communication Systems Limited to be a going concern. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.