

Registered number: 04780952 (England and Wales)

CELLXION LTD

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2022

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CELLXION LTD

COMPANY INFORMATION

Directors	M Brumpton A R Timson P Moore
Company secretary	T M Brumpton
Registered number	04780952
Registered office	New Penderel House 283-288 High Holborn London England WC1V 7HP
Independent auditors	ZEDRA Corporate Reporting Services (UK) Limited

CELLXION LTD

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CELLXION LTD

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2022

The directors present the Strategic Report and audited consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 October 2022.

Business review

The Group reported an operating profit for the financial year of £12,640,504 (2021: £2,610,994), reflecting a hugely successful year where the business began to realise the revenue built up from the strong orderbook the company inherited from the previous financial year due to the well documented supply chain delays. Sales orders performance was again showing strong growth during the year, reflecting a positive response to the company's strategy and 5G roll-out plans through-out the key strategic markets.

The results are in line with the directors' expectations as supply chain delays were managed through investment in increased stock levels and implementing a strategy to work closer with the supply chain to mitigate the effects of the continuing issues seen globally. The business was expecting significant growth in both revenue and profit as the backlog of orders were delivered following significant delays in delivery in FY21.

Key territories of UK and Europe remained buoyant during FY22 as the market continued to react favourably to the Group's new product introduction and existing product portfolio. Additionally, the Group has seen an upturn in revenue from the ROW ("Rest of World") as the new markets switch on to the product solutions.

All key performance indicators showed growth during the FY22, with particular emphasis in group profit showing a significant increase. Supply chain issues continue to be problematic with key components still maintaining extremely long lead-times which has meant that the business has had to carry more stock to mitigate against this. The market remains resilient in its demand for technical solutions from cellXion and understanding of the continuing difficulties in the supply chain.

The Group strategy remains focused on cellXion's technological market lead in the key geographical markets it currently deals in and to build upon early successes in the North America market.

The directors believe that the Group technology remains robust and is ideally positioned to address the continually changing technology market with its 5G roadmap which remains well received by the customer base. The Group's ongoing strategy of upgrading the existing hardware platform has paid dividends in the market as it addresses the changes in cellular technology within the commercial world.

Future developments

The strategic market plan remains focused on existing countries and territories where the company has gained significant market share and into those territories with similar legal and technological backgrounds to its domestic market. This year has also seen further growth in the North American market as the company's product offering gains traction with customers looking to fulfil their needs for state-of-the-art 5G solutions (see note 26).

Research and development remain extremely strong within the Group companies with further development of 5G solutions underpinning the overall technical strategy to provide market leading solutions. Additionally, new products are planned for the next financial year to expand on the current product portfolio and open complimentary markets within the strategic geographical territories.

The senior management team continues to be committed to keeping control of operational costs while building a Group structure that can deliver on the pre and post-sale requirements of the ever-increasing customer base. Stock levels within the group have increased but remain under control as the business balances the uncertainty in supply of key components and the demand from the supply chain on prepayments to secure orders. It is envisaged that while production catches up with the large order book and the Group delivers on the demand for its products, the supply chain issues will continue into the next financial year. The management of the supply chain remains of paramount importance as the Group works to optimise the production process as we roll-out a

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2022**

new ERP system to assist in management of materials and resource.

This year has seen the R&D strategy develop further on its strong foundation of a multiple technology capability and is ideally positioned to address the 5G markets as mobile operators roll-out their own commercial infrastructures. cellXion's 5G strategy continues to be well communicated with the field and is extremely well received and, in the opinion of the directors, puts the Group in a very strong position to address changing technical requirements within the marketplace.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group this year remain the uncertainty around the supply chain and its ability to supply against the shortages in silicon worldwide. The company has traditionally carried high levels of stock to accommodate for variance within the supply chain and has invested heavily during FY22 to accommodate for the shortages. A continued shortage of a wide range of components during FY23 will adversely affect the company's ability to realise the revenue from our order book and release new products to address growing demands.

The Group is working hard with its key supplies to mitigate these risks and has forward ordered several key parts to sustain the supply of goods over the foreseeable future. The Group also maintains a good relationship with the customer base to manage expectations for delivery as part of the sales process. The Group is also constantly reviewing the supply chain and will use its financial strength to secure parts for FY23 and beyond.

The technology risks on the Group's solutions remain apparent within the marketplace as 5G SA rolls out across the key territories, although there has been a slower uptake than expected from the respective MNO's ("Mobile Network Operator") within each country. The directors are confident that the Group is in a strong position to mitigate these risks as the R&D department work closely with development partners and strategic third-party suppliers to prepare the solutions for the expected requirements. The Group believes it maintains its technology lead in this respect.

Recruitment continues to be of concern for the Group as the customer base expands and new technologies require support from good, skilled engineers and support staff. The Group continues to work closely with recruitment agents and trusted resource pools to search for appropriate candidates and has again recruited key members of staff to bolster the resource pool.

CELLXION LTD

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2022**

Financial key performance indicators

The Group's key performance indicators remain the same and are focussed on a clear and sustainable turnover, strong operating profit, robust product performance and best-in-class customer support.

In 2022, both Group turnover and operating profit figures showed an extremely healthy and not unexpected increase from the previous year due as we realised the revenue from the large order book and increased sales orders. Revenue increased by circa 79% while operating profit increased further on FY21 figures, with an increase of circa 384%.

The increase in both revenue and profit are along expectations of the directors as the Group realised the revenue from the increased sales from FY21 and FY22 and as the supply chain delays subside. The directors continue to be confident in cellXion's ability to deliver market leading technology solutions and deliver on the consistent demands of the marketplace in FY23.

This report was approved by the board and signed on its behalf.



.....
P Moore
Director

Date: 19th July 2023

CELLXION LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2022

The directors present their report and the financial statements for the year ended 31 October 2022. In accordance with s414c(II) of the Companies Act 2006, certain information that is required to be included in the Directors' Report has been otherwise included in the Strategic Report, including information in relation to future developments and financial risk.

Principal activity

The principal activity of the Group during the year was that of telecommunications products.

Results and dividends

The profit for the year, after taxation, amounted to £10,799,394 (2021 - £2,574,009).

Ordinary dividends amounting to £6,000,000 (2021: £Nil) were paid during the period.

Directors

The directors who served during the year were:

M Brumpton
A R Timson
P Moore

Research and development activities

The Group has a programme of continuous investment in its product development activities.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 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 for the Group's financial statements 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 Company 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 to 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.

CELLXION LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2022**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

There were no adjusting events occurring between the end of the reporting period and the date these financial statements were approved. See note 26 for details of non-adjusting events.

This report was approved by the board and signed on its behalf.



.....
P Moore
Director

Date: 19TH July 2023.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELLXION LTD

Opinion

We have audited the financial statements of cellXion Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 October 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 October 2022 and of the Group's profit for the year then ended;
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the responsible individual ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006 and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by;

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

We identified that fraud risk in relation to revenue recognition is a significant risk in line with ISA 240 and designed and implemented appropriate audit procedures in this area. Audit procedures included but were not limited to performing substantive testing, obtaining purchase orders, packaging slips and sales invoices and performing appropriate year end cut off testing.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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.

ZEDRA Corporate Reporting Services (UK) Limited

Dominic King ACA (Senior Statutory Auditor)
for and on behalf of
ZEDRA Corporate Reporting Services (UK) Limited
Chartered Accountants and Statutory Auditors
New Penderel House
4th Floor
283-288 High Holborn
London
United Kingdom
WC1V 7HP

Date: 19 July 2023

CELLXION LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2022

	Note	2022 £	2021 £
Turnover	4	29,044,775	16,256,550
Cost of sales		(13,633,375)	(10,994,669)
Gross profit		15,411,400	5,261,881
Administrative expenses		(2,781,634)	(2,889,126)
Other operating income		10,738	238,239
Operating profit	5	12,640,504	2,610,994
Income from participating interests		(78,946)	-
Income from fixed assets investments	8	497,536	-
Interest receivable and similar income		26,157	462
Interest payable and similar expenses		-	(1,807)
Profit before taxation		13,085,251	2,609,649
Tax on profit	9	(2,285,857)	(35,640)
Profit for the financial year		10,799,394	2,574,009
Currency translation differences		63,631	91,416
Other comprehensive income for the year		63,631	91,416
Total comprehensive income for the year		10,863,025	2,665,425
Profit for the year attributable to:			
Owners of the parent Company		10,799,394	2,574,009
		10,799,394	2,574,009
Total comprehensive income for the year attributable to:			
Owners of the parent Company		10,863,025	2,665,425
		10,863,025	2,665,425

The notes on pages 19 to 40 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible fixed assets	12	175,430	254,930
Tangible fixed assets	13	2,855,271	3,121,444
Investments	14	568,216	1,626,324
		<u>3,598,917</u>	<u>5,002,698</u>
Current assets			
Stocks	15	6,376,470	5,326,431
Debtors within one year	16	10,882,096	11,034,252
Bank and cash balances		14,098,952	4,749,002
		<u>31,357,518</u>	<u>21,109,685</u>
Creditors: amounts falling due within one year	17	(7,308,239)	(3,136,866)
		<u>24,049,279</u>	<u>17,972,819</u>
Net current assets			
		<u>24,049,279</u>	<u>17,972,819</u>
Total assets less current liabilities		<u>27,648,196</u>	<u>22,975,517</u>
Creditors: amounts falling due after more than one year	18	(316,429)	(493,956)
Provisions for liabilities			
Deferred tax	20	(76,216)	(76,216)
Provisions	21	(1,737,543)	(1,741,183)
		<u>(1,813,759)</u>	<u>(1,817,399)</u>
Net assets		<u><u>25,518,008</u></u>	<u><u>20,664,162</u></u>

CELLXION LTD
REGISTERED NUMBER:04780962

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 OCTOBER 2022

	Note	2022 £	2021 £
Capital and reserves			
Called up share capital	22	100	100
Foreign exchange reserve	23	(14,626)	(78,257)
Profit and loss account	23	25,532,534	20,742,319
Equity attributable to owners of the parent Company		<u>25,518,008</u>	<u>20,664,162</u>
		<u>25,518,008</u>	<u>20,664,162</u>

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



P Moore
Director

Date: 19TH JULY 2023.

The notes on pages 19 to 40 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 OCTOBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	175,430	254,930
Tangible assets	13	2,780,667	3,068,191
Investments	14	665,358	1,635,138
		<u>3,621,455</u>	<u>4,958,259</u>
Current assets			
Stocks	15	6,352,928	4,746,391
Debtors within one year	16	10,897,316	12,550,527
Bank and cash balances		13,685,323	4,451,668
		<u>30,935,567</u>	<u>21,748,586</u>
Creditors: amounts falling due within one year	17	(7,247,563)	(3,034,074)
		<u>23,688,004</u>	<u>18,714,512</u>
Net current assets		<u>23,688,004</u>	<u>18,714,512</u>
Total assets less current liabilities		<u>27,309,459</u>	<u>23,672,771</u>
Creditors: amounts falling due after more than one year	18	(316,429)	(493,956)
Provisions for liabilities			
Deferred tax	20	(76,216)	(76,216)
Provisions	21	(1,737,543)	(1,741,183)
		<u>(1,813,759)</u>	<u>(1,817,399)</u>
Net assets		<u><u>25,179,271</u></u>	<u><u>21,361,416</u></u>

CELLXION LTD
REGISTERED NUMBER:04780952

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 OCTOBER 2022

	Note	2022 £	2021 £
Capital and reserves			
Called up share capital	22	100	100
Profit and loss account	23	25,179,171	21,361,316
		<u>25,179,271</u>	<u>21,361,416</u>

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



.....
P Moore
Director

Date: 19th July 2023.

The notes on pages 19 to 40 form part of these financial statements.

CELLXION LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2022

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 November 2020	100	(169,673)	18,217,586	18,048,013	18,048,013
Comprehensive income for the year					
Profit for the year	-	-	2,574,009	2,574,009	2,574,009
Currency translation differences	-	-	(49,276)	(49,276)	(49,276)
Foreign exchange on translation	-	91,416	-	91,416	91,416
At 1 November 2021	100	(78,257)	20,742,319	20,664,162	20,664,162
Comprehensive income for the year					
Profit for the year	-	-	10,799,394	10,799,394	10,799,394
Currency translation differences	-	-	(9,179)	(9,179)	(9,179)
Foreign exchange on translation	-	63,631	-	63,631	63,631
Total comprehensive income for the year	-	63,631	10,790,215	10,853,846	10,853,846
Contributions by and distributions to owners					
Dividends: Equity capital (note 10)	-	-	(6,000,000)	(6,000,000)	(6,000,000)
Total transactions with owners	-	-	(6,000,000)	(6,000,000)	(6,000,000)
At 31 October 2022	100	(14,626)	25,532,534	25,518,008	25,518,008

The notes on pages 19 to 40 form part of these financial statements.

CELLXION LTD

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2020	100	20,481,639	20,481,739
Comprehensive income for the year			
Profit for the period (note 11)	-	879,677	879,677
	<hr/>	<hr/>	<hr/>
At 1 November 2021	100	21,361,316	21,361,416
Comprehensive income for the year			
Profit for the year (note 11)	-	9,817,855	9,817,855
Contributions by and distributions to owners			
Dividends: Equity capital (note 10)	-	(6,000,000)	(6,000,000)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(6,000,000)	(6,000,000)
	<hr/>	<hr/>	<hr/>
At 31 October 2022	100	25,179,171	25,179,271

The notes on pages 19 to 40 form part of these financial statements.

CELLXION LTD

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the financial year		10,799,394	2,574,009
Adjustments for:			
Amortisation of intangible assets	12	119,048	-
Depreciation of tangible assets	13	338,644	352,376
Impairments of fixed asset investments	14	979,162	-
Interest paid		-	1,807
Interest received		(26,157)	(462)
Taxation charge	9	2,285,857	(20,583)
(Increase) in stocks	15	(1,050,039)	(29,955)
Decrease/(increase) in debtors	16	176,385	(7,011,635)
Increase in creditors	17	1,836,581	899,083
(Decrease) in provisions	21	(3,640)	(32,230)
Dividends from unlisted investments	8	(497,536)	-
Corporation tax (paid)	9	(152,822)	(908,833)
Foreign exchange		54,452	42,140
Net cash generated from operating activities		14,859,329	(4,134,283)
Cash flows from investing activities			
Purchase of intangible fixed assets	12	(39,548)	(218,848)
Purchase of tangible fixed assets	13	(72,470)	(234,426)
Purchase of unlisted and other investments		-	(300,000)
Interest received		26,157	462
Losses from investments		78,946	-
Dividends from unlisted investments	8	497,536	-
Net cash from investing activities		490,621	(752,812)

CELLXION LTD

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2022

	Note	2022 £	2021 £
Cash flows from financing activities			
Dividends paid	10	(6,000,000)	-
Interest paid		-	(1,807)
		<u>(6,000,000)</u>	<u>(1,807)</u>
Net cash used in financing activities		(6,000,000)	(1,807)
		<u>9,349,950</u>	<u>(4,888,902)</u>
Net increase/(decrease) in cash and cash equivalents		9,349,950	(4,888,902)
Cash and cash equivalents at beginning of year		4,749,002	9,637,904
		<u>4,749,002</u>	<u>9,637,904</u>
Cash at bank and in hand		14,098,952	4,749,002
		<u>14,098,952</u>	<u>4,749,002</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

1. General information

CellXion Ltd is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. Its registered office is New Penderel House, 283-288 High Holborn, London England, WC1V 7HP. Its place of business is Oxted Mill, Spring Lane, Oxted, RH8 9PB. The nature of the Group's operations are set out in the Directors' Report.

2. Accounting policies

2.1 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Turnover

Turnover represents sales of hardware and software net of 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 turnover when the goods have been dispatched to the customer.

Where goods are invoiced to the customer but not dispatched, the turnover is taken to the Balance Sheet and recognised as deferred income.

Turnover also represents sales of extended warranties, net of value added tax. Turnover is recognised on a straight line basis over the course of the extended warranty period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

2. Accounting policies (continued)

2.4 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 and the Group operate and generate 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.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.5 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	-	10 years
Computer software	-	3 years

2.6 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 2022**

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets 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:

Freehold property	- 50 years
Plant and machinery	- 3 - 5 years
Motor vehicles	- 5 years
Fixtures and fittings	- 5 years
Office equipment	- 3 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.

2.7 Impairment

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Associates

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated financial statements, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. When material, the Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

In the Company's financial statements, interests in associated undertakings are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

2. Accounting policies (continued)

2.10 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 first in, first out 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.

2.11 Debtors

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

2.12 Cash and cash equivalents

Cash is represented by cash in hand.

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

2. Accounting policies (continued)

2.15 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.16 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 except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.17 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

2. Accounting policies (continued)

2.19 Operating leases: the Group as lessee

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

2.20 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Group in independently administered funds.

2.21 Warranties

The parent Company offers a twelve month or three year warranty on its hardware sales. The estimated warranty provision is charged to the Consolidated Statement of Comprehensive Income.

2.22 Interest income

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

2.23 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, which range from 3 to 6 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

3. 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 amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are addressed below.

Depreciation and residual value of tangible fixed assets

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, management consider factors such as technological innovation, product life cycles and maintenance programs.

Impairment of investments

The directors review fixed asset investments annually for any indication of impairment based on available financial and performance information in relation to the unlisted investments.

Provision for warranty sales

The directors have reviewed the need for a provision in the accounts against their expectation for future probable economic outflows and concluded that it is appropriate not to include a provision.

Social security provision

In a prior period, the directors of the parent Company of the Group, cellXion Ltd, have made provision for a liability in relation to employment taxes. This was based on the estimated future outflow of costs and has not changed in the current year (see note 22).

Other provisions

The directors are required to make judgements in relation to the allocation of costs for the calculation of contract profits. These judgements affect the probability and value of estimated future outflows. These allocations are based on historic experience and real time information and are continually reviewed to ensure that prudent estimates for provisions are made (see note 22).

Impairment of stock

The directors review stock annually for any indication of impairment based on market conditions, and have concluded the carrying values are appropriate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

4. Turnover

The whole of the turnover is attributable to the sale of hardware and other products relating to telecommunications. The directors of the Group do not consider the classes of turnover to be materially different.

	2022	2021
	£	£
United Kingdom	15,423,273	9,430,419
Rest of Europe	10,603,979	6,368,625
Rest of the World	3,017,523	457,506
	<u>29,044,775</u>	<u>16,256,550</u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation of tangible fixed assets	338,644	352,376
Amortisation of intangible fixed assets	119,048	-
Exchange differences	(365,123)	262,797
Other operating lease rentals	47,655	43,640
Auditors' remuneration	39,750	37,000
Impairment of investments	979,162	-
	<u>979,162</u>	<u>-</u>

CELLXION LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022	<i>Group 2021</i>	Company 2022	<i>Company 2021</i>
	£	£	£	£
Wages and salaries	2,501,743	2,463,920	2,311,264	2,299,479
Social security costs	378,706	353,930	316,623	297,121
Cost of defined contribution pension scheme	87,480	80,206	87,480	80,206
	<u>2,967,929</u>	<u>2,898,056</u>	<u>2,715,367</u>	<u>2,676,806</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2022	<i>Group 2021</i>	Company 2022	<i>Company 2021</i>
	No.	No.	No.	No.
Employees	<u>21</u>	<u>22</u>	<u>20</u>	<u>21</u>

7. Directors' remuneration

	2022	<i>2021</i>
	£	£
Directors' emoluments	606,805	608,396
Group contributions to defined contribution pension schemes	15,300	14,448
	<u>622,105</u>	<u>622,844</u>

During the year retirement benefits were accruing to one director (2021 - one) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £306,805 (2021 - £308,396).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,300 (2021 - £14,448).

CELLXION LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022

8. Income from investments

	2022 £	2021 £
Dividends received from unlisted investments	(497,536)	-
	<u>(497,536)</u>	<u>-</u>

9. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	2,157,263	-
Adjustments in respect of previous periods	241,334	(169,367)
	<u>2,398,597</u>	<u>(169,367)</u>
Foreign tax		
Foreign tax on income for the year	(112,740)	233,526
	<u>(112,740)</u>	<u>233,526</u>
Total current tax	<u>2,285,857</u>	<u>64,159</u>
Deferred tax		
Origination and reversal of timing differences	-	(28,519)
Total deferred tax	<u>-</u>	<u>(28,519)</u>
Taxation on profit on ordinary activities	<u>2,285,857</u>	<u>35,640</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>13,085,251</u>	<u>2,609,649</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	2,486,198	495,833
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	32,812	2,378
Capital allowances for year in excess of depreciation	34,086	60,071
Adjustments to tax charge in respect of prior periods	241,334	(169,368)
Other income - non taxable	(692)	(7,129)
Other permanent differences	(248,357)	665
Other timing differences leading to an increase (decrease) in taxation	20,003	24,710
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	(238,753)
Tax on eliminating entries upon consolidation	(109,912)	(237,275)
Difference on overseas tax	(169,615)	104,508
Total tax charge for the year	<u><u>2,285,857</u></u>	<u><u>35,640</u></u>

Factors that may affect future tax charges

On 24 May 2021, Finance Bill 2021 was substantively enacted. The result of this is that the main rate of corporation tax for the UK will increase to 25% from 1 April 2023.

10. Dividends

	2022 £	2021 £
Cash dividend for the year of £6 per Ordinary share	6,000,000	-
	<u><u>6,000,000</u></u>	<u><u>-</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

11. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £9,817,855 (2021 - £879,677).

12. Intangible assets

Group

	Patents £	Computer software £	Total £
Cost			
At 1 November 2021	49,179	205,751	254,930
Additions	27,312	12,236	39,548
	<u>76,491</u>	<u>217,987</u>	<u>294,478</u>
At 31 October 2022	<u>76,491</u>	<u>217,987</u>	<u>294,478</u>
Amortisation			
Charge for the year on owned assets	14,806	104,242	119,048
	<u>14,806</u>	<u>104,242</u>	<u>119,048</u>
At 31 October 2022	<u>14,806</u>	<u>104,242</u>	<u>119,048</u>
Net book value			
At 31 October 2022	<u>61,685</u>	<u>113,745</u>	<u>175,430</u>
At 31 October 2021	<u>49,179</u>	<u>205,751</u>	<u>254,930</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022

12. Intangible assets (continued)

Company

	Patents £	Computer software £	Total £
Cost			
At 1 November 2021	49,179	205,751	254,930
Additions	27,312	12,236	39,548
At 31 October 2022	<u>76,491</u>	<u>217,987</u>	<u>294,478</u>
Amortisation			
Charge for the year	14,806	104,242	119,048
At 31 October 2022	<u>14,806</u>	<u>104,242</u>	<u>119,048</u>
Net book value			
At 31 October 2022	<u>61,685</u>	<u>113,745</u>	<u>175,430</u>
At 31 October 2021	<u>49,179</u>	<u>205,751</u>	<u>254,930</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022

13. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 November 2021	3,205,610	595,015	144,018	180,628	1,342	4,126,613
Additions	-	60,072	1,000	5,968	5,430	72,470
At 31 October 2022	3,205,610	655,087	145,018	186,596	6,772	4,199,083
Depreciation						
At 1 November 2021	545,716	312,846	75,236	71,257	113	1,005,168
Charge for the year on owned assets	199,940	76,863	23,792	37,076	973	338,644
At 31 October 2022	745,656	389,709	99,028	108,333	1,086	1,343,812
Net book value						
At 31 October 2022	<u>2,459,954</u>	<u>265,378</u>	<u>45,990</u>	<u>78,263</u>	<u>5,686</u>	<u>2,855,271</u>
At 31 October 2021	<u>2,659,894</u>	<u>282,169</u>	<u>68,782</u>	<u>109,370</u>	<u>1,229</u>	<u>3,121,444</u>

The net book value of land which is not depreciated and included within freehold property is £146,077 (2021: £146,077).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

13. Tangible fixed assets (continued)

Company

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 November 2021	3,205,610	514,053	144,018	173,589	4,037,270
Additions	-	50,348	1,000	-	51,348
At 31 October 2022	<u>3,205,610</u>	<u>564,401</u>	<u>145,018</u>	<u>173,589</u>	<u>4,088,618</u>
Depreciation					
At 1 November 2021	545,716	279,553	75,236	68,574	969,079
Charge for the year on owned assets	199,940	80,422	23,792	34,718	338,872
At 31 October 2022	<u>745,656</u>	<u>359,975</u>	<u>99,028</u>	<u>103,292</u>	<u>1,307,951</u>
Net book value					
At 31 October 2022	<u><u>2,459,954</u></u>	<u><u>204,426</u></u>	<u><u>45,990</u></u>	<u><u>70,297</u></u>	<u><u>2,780,667</u></u>
At 31 October 2021	<u><u>2,659,894</u></u>	<u><u>234,500</u></u>	<u><u>68,782</u></u>	<u><u>105,015</u></u>	<u><u>3,068,191</u></u>

The net book value of land which is not depreciated and included within freehold property is £146,077 (2021: £146,077).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022

14. Fixed asset investments

Group

	Investment in associates £	Unlisted investments £	Total £
Cost or valuation			
At 1 November 2021	626,324	1,000,000	1,626,324
Share of profit/(loss)	(78,946)	-	(78,946)
At 31 October 2022	<u>547,378</u>	<u>1,000,000</u>	<u>1,547,378</u>
Impairment			
Charge for the period	163,162	816,000	979,162
At 31 October 2022	<u>163,162</u>	<u>816,000</u>	<u>979,162</u>
Net book value			
At 31 October 2022	<u>384,216</u>	<u>184,000</u>	<u>568,216</u>
At 31 October 2021	<u>626,324</u>	<u>1,000,000</u>	<u>1,626,324</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

14. Fixed asset investments (continued)

Company

	Investments in subsidiary company £	Investment in associates £	Unlisted investments £	Total £
Cost or valuation				
At 1 November 2021	8,814	626,324	1,000,000	1,635,138
Additions	9,381	-	-	9,381
At 31 October 2022	<u>18,195</u>	<u>626,324</u>	<u>1,000,000</u>	<u>1,644,519</u>
Impairment				
Charge for the period	-	163,162	816,000	979,162
At 31 October 2022	<u>-</u>	<u>163,162</u>	<u>816,000</u>	<u>979,162</u>
Net book value				
At 31 October 2022	<u><u>18,195</u></u>	<u><u>463,162</u></u>	<u><u>184,000</u></u>	<u><u>665,357</u></u>
At 31 October 2021	<u><u>8,814</u></u>	<u><u>626,324</u></u>	<u><u>1,000,000</u></u>	<u><u>1,635,138</u></u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
cellXion Italy SRL	Corso Re Umberto, 10, Cap 10121, Turin, Italy	Telecommunications	Ordinary	100%
cellXion Polska Spółka Z Ograniczoną Odpowiedzialnością	Al. Krakowska 12, 05- 090, Janki, Poland	Telecommunications	Ordinary	100%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**
15. Stocks

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Raw materials and consumables	6,376,470	5,326,431	6,352,928	4,746,391
	<u>6,376,470</u>	<u>5,326,431</u>	<u>6,352,928</u>	<u>4,746,391</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

During the year, management have recognised an impairment of stock of £181,425 (2021: £185,850) due to its cost exceeding its net realisable value.

16. Debtors

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Trade debtors	3,347,298	1,255,334	4,008,419	2,970,881
Amounts owed by group undertakings	-	-	-	549,126
Other debtors	5,846,474	8,177,641	5,206,210	7,584,027
Prepayments and accrued income	1,688,324	1,601,277	1,682,687	1,446,493
	<u>10,882,096</u>	<u>11,034,252</u>	<u>10,897,316</u>	<u>12,550,527</u>

17. Creditors: Amounts falling due within one year

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Trade creditors	811,891	996,375	816,136	1,012,744
Corporation tax	2,157,264	-	2,157,264	-
Other taxation and social security	68,642	64,329	68,420	64,260
Other creditors	166,029	377,915	110,629	266,671
Accruals and deferred income	4,104,413	1,698,247	4,095,114	1,690,399
	<u>7,308,239</u>	<u>3,136,866</u>	<u>7,247,563</u>	<u>3,034,074</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022

18. Creditors: Amounts falling due after more than one year

	Group 2022 £	<i>Group</i> 2021 £	Company 2022 £	<i>Company</i> 2021 £
Accruals and deferred income	316,429	493,956	316,429	493,956
	<u>316,429</u>	<u>493,956</u>	<u>316,429</u>	<u>493,956</u>

19. Financial instruments

	Group 2022 £	Company 2022 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>22,593,426</u>	<u>22,585,551</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>1,891,348</u>	<u>1,830,893</u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, amounts owed by subsidiary undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

NOTES TO THE FINANCIAL STATEMENTS
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20. Deferred taxation

Group

	2022 £
At beginning of year	(76,216)
At end of year	(76,216)

Company

	2022 £
At beginning of year	(76,216)
At end of year	(76,216)

The provision for deferred taxation is made up as follows:

	Group 2022 £	<i>Group</i> 2021 £	Company 2022 £	<i>Company</i> 2021 £
Accelerated capital allowances	(76,216)	(76,216)	(76,216)	(76,216)
	(76,216)	(76,216)	(76,216)	(76,216)

21. Provisions

Group

	Social security provision £	Other provision £	Total £
At 1 November 2021	1,691,303	49,880	1,741,183
Charged to profit or loss	-	(3,640)	(3,640)
At 31 October 2022	1,691,303	46,240	1,737,543

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022

Company	Social security provision £	Other provision £	Total £
At 1 November 2021	1,691,303	49,880	1,741,183
Charged to profit or loss	-	(3,640)	(3,640)
At 31 October 2022	1,691,303	46,240	1,737,543

22. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1,000,000 (2021 - 1,000,000) Ordinary shares of £0.0001 each	100	100

23. Reserves

Foreign exchange reserve

The foreign exchange reserve represents amounts arising on translation of balances in the Italian and Polish subsidiaries in accordance with note 2.16.

Profit and loss account

The profit and loss reserve represents accumulated profits.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

24. Related party transactions

During the year, invoices of £2,035,800 (2021: £1,817,725) were received from Wave Mobile Ltd, a company under the common control of A Timson, for support services, and licensing. Included within the parent Company's debtors as at the Balance Sheet date is an amount of £4,700,000 (2021: £4,250,000) due from Wave Mobile Ltd.

During the year, purchases totalling £5,117,439 (2021: £5,563,328) were made from cellXica Limited, a company under common control of A Timson and M Brumpton. As at the Balance Sheet date, an amount of £33,719 (2021: £682,733) was due to cellXica Limited.

During the year, purchases totalling £1,430,400 (2021: £1,646,016) were made from Quortus Limited, a company under the common management of P Moore, a director of cellXion Ltd. During the year, dividends were paid to cellXion Ltd of £497,536 (2021: £Nil) from Quortus Limited.

Included within the parent Company's debtors, as at the Balance Sheet date is an amount of £Nil due from A Timson (2021: £515,958 due from), in respect of his director's loan account. No interest is charged on the loan. A Timson was paid a dividend of £3,000,000 (2021: £Nil) during the year.

Included within the parent Company's debtors, as at the Balance Sheet date is an amount of £Nil (2021: £721,275 due from) M Brumpton, in respect of his director's loan account. No interest is charged on the loan. M Brumpton was paid a dividend of £3,000,000 (2021: £Nil) during the year.

25. Controlling party

The directors consider A R Timson and M Brumpton to be the ultimate controlling parties of the Group by virtue of their shareholdings in the parent Company.

26. Post balance sheet events

In November 2022, cellXion Ltd purchased shares of common stock in cellXicus, Inc., a company incorporated in the US, for a cash consideration of \$300. This represented a 30% ownership in the associate and constitutes a non-adjusting event.

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.