

Registered number: 09111612 (England and Wales)

**CELLXICA LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2021**

**CELLXICA LIMITED**

**COMPANY INFORMATION**

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**Directors**

F J Lazare  
N P Mahasinghe  
A R Timson

**Registered number**

09111612

**Registered office**

Building 7200  
Suite 7224 Cambridge Research Park  
Beach Drive  
Waterbeach, Cambridge  
Cambridgeshire, England  
CB25 9TL

**Independent auditors**

ZEDRA Corporate Reporting Services (UK) Limited

**CELLXICA LIMITED**

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BALANCE SHEET  
AS AT 31 OCTOBER 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible fixed assets	5	557,005	734,258
Tangible fixed assets	6	212,847	192,861
		<u>769,852</u>	<u>927,119</u>
<b>Current assets</b>			
Stocks	7	282,099	544,283
Debtors: amounts falling due after more than one year	8	467,874	-
Debtors: amounts falling due within one year	8	1,077,667	418,780
Bank and cash balances		4,462,600	4,522,564
		<u>6,290,240</u>	<u>5,485,627</u>
Creditors: amounts falling due within one year	9	(663,396)	(847,183)
<b>Net current assets</b>		<u>5,626,844</u>	<u>4,638,444</u>
<b>Total assets less current liabilities</b>		<u>6,396,696</u>	<u>5,565,563</u>
Creditors: amounts falling due after more than one year	10	(233,937)	-
<b>Provisions for liabilities</b>			
Deferred tax	11	(27,690)	(40,060)
		<u>(27,690)</u>	<u>(40,060)</u>
<b>Net assets</b>		<u><u>6,135,069</u></u>	<u><u>5,525,503</u></u>

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 OCTOBER 2021**

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	<b>Note</b>	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
<b>Capital and reserves</b>			
Called up share capital		<b>10</b>	<i>10</i>
Share based payment reserve	12	<b>345,017</b>	<i>316,374</i>
Profit and loss account		<b>5,790,042</b>	<i>5,209,119</i>
		<hr/>	<hr/>
		<b><u>6,135,069</u></b>	<i><u>5,525,503</u></i>

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:

**F J Lazare**  
**Director**

Date: 17 December 2021

The notes on pages 4 to 13 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 OCTOBER 2021**

	Called up share capital £	Share based payment reserve £	Profit and loss account £	Total equity £
<b>At 1 November 2019</b>	<b>10</b>	<b>447,546</b>	<b>3,967,988</b>	<b>4,415,544</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,241,131	1,241,131
Share based payment charge	-	(131,172)	-	(131,172)
<b>At 1 November 2020</b>	<b>10</b>	<b>316,374</b>	<b>5,209,119</b>	<b>5,525,503</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	580,923	580,923
Share based payment charge	-	28,643	-	28,643
<b>At 31 October 2021</b>	<b>10</b>	<b>345,017</b>	<b>5,790,042</b>	<b>6,135,069</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

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**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 Going concern**

The Company has net assets of £6,135,069 at the balance sheet date, which is primarily supported by a strong cash position. The directors have considered a forecast of at least 12 months from the balance sheet date and as a result the financial statements have been prepared on the going concern basis in respect to the continued working capital requirements of the Company.

**1.3 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 2021**

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**1. Accounting policies (continued)**

**1.4 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 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.

**1.5 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	-	5	years
Development costs	-	3	years

**1.6 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 2021**

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**1. Accounting policies (continued)**

**1.6 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
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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.

**1.7 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.

**1.8 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.

**1.9 Cash and cash equivalents**

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

**1.10 Creditors**

Short term creditors are measured at the transaction price.

Creditors falling due after more than one year are initially measured at transaction price and subsequently at amortised cost, unless the directors do not consider the effects of discounting to be material.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

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**1. Accounting policies (continued)**

**1.11 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.

**1.12 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.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

**1.13 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 2021

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1. Accounting policies (continued)

1.14 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.

1.15 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. Judgments 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. 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 intangible assets**

Management's estimation of the useful economic life of intangible assets is based on historic experience and their product expertise. The useful economic life attributed to development costs is three years, however, 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 2021**
**3. Auditors' information**

The auditors' report on the financial statements for the year ended 31 October 2021 was unqualified.

The audit report was signed on 17 December 2021 by Louise Morriss BFP ACA FCCA (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 17 (2020 - 15).

**5. Intangible assets**

	Patents £	Development Costs £	Total £
<b>Cost</b>			
At 1 November 2020	14,345	5,481,687	5,496,032
Additions - internal	-	548,271	548,271
At 31 October 2021	<u>14,345</u>	<u>6,029,958</u>	<u>6,044,303</u>
<b>Amortisation</b>			
At 1 November 2020	8,350	4,753,424	4,761,774
Charge for the year on owned assets	2,943	722,581	725,524
At 31 October 2021	<u>11,293</u>	<u>5,476,005</u>	<u>5,487,298</u>
<b>Net book value</b>			
At 31 October 2021	<u><u>3,052</u></u>	<u><u>553,953</u></u>	<u><u>557,005</u></u>
<b>At 31 October 2020</b>	<u><u>5,995</u></u>	<u><u>728,263</u></u>	<u><u>734,258</u></u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021

6. Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
At 1 November 2020	457,354
Additions	130,262
Disposals	(30,640)
	<hr/>
At 31 October 2021	556,976
<b>Depreciation</b>	
At 1 November 2020	264,493
Charge for the year on owned assets	108,915
Disposals	(29,279)
	<hr/>
At 31 October 2021	344,129
<b>Net book value</b>	
At 31 October 2021	<u>212,847</u>
<i>At 31 October 2020</i>	<u>192,861</u>

7. Stocks

	2021 £	2020 £
Component stock and finished goods	282,099	544,283
	<hr/>	<hr/>
	<u>282,099</u>	<u>544,283</u>

During the year, management have recognised an impairment of stock totalling £185,733 (2020: £NIL).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021

8. Debtors

	2021 £	2020 £
<b>Due after more than one year</b>		
Prepayments and accrued income	467,874	-
	<u>467,874</u>	<u>-</u>

Debtors due after more than one year are expected to be realised in late 2022. Management do not consider the effects of discounting to be material.

	2021 £	2020 £
<b>Due within one year</b>		
Trade debtors	700,846	217,224
Other debtors	-	39,586
Prepayments and accrued income	376,821	161,970
	<u>1,077,667</u>	<u>418,780</u>

9. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	126,185	128,999
Corporation tax	28,683	204,373
Other taxation and social security	163,827	197,412
Accruals and deferred income	344,701	316,399
	<u>663,396</u>	<u>847,183</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

**10. Creditors: Amounts falling due after more than one year**

	2021 £	2020 £
Accruals and deferred income	233,937	-
	<u>233,937</u>	<u>-</u>

Creditors due after more than one year are expected to be realised in late 2022. Management do not consider the effects of discounting to be material.

**11. Deferred taxation**

	31 October 2020 £
At beginning of year	(40,060)
Charged to profit or loss	12,370
<b>At end of year</b>	<u>(27,690)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(27,690)	(41,744)
Pension surplus	-	1,684
	<u>(27,690)</u>	<u>(40,060)</u>

**12. 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

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**13. Commitments under operating leases**

At 31 October 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>2021</b>	<i>2020</i>
	£	£
Not later than one year	<b>34,024</b>	<i>65,988</i>
Later than one year and not later than five years	<b>520,968</b>	<i>10,998</i>
	<u><b>554,992</b></u>	<u><i>76,986</i></u>

**14. Post balance sheet events**

On 8 December 2021, it was announced that the Company had secured Government funding from the Department for Digital, Culture, Media and Sport as part of an R&D project to develop RAN technology in the UK. This was a non-adjusting event.

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