

CELLXION LTD

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2023

COMPANY INFORMATION

Directors	M W Brumpton A R Timson P Moore
Company secretary	T M Brumpton
Registered number	04780952
Registered office	Birchin Court 5th Floor 19-25 Birchin Lane London United Kingdom EC3V 9DU
Independent auditors	ZEDRA Corporate Reporting Services (UK) Limited

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2023**

The directors present the Strategic Report and audited consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 October 2023.

Business review

The Group reported a turnover for the year of £27,939,429 (2022: £29,044,775) and an operational profit of £4,641,607 (2022: £12,640,504) reflecting a year of consolidation in terms of revenue and orders received but a noteworthy decrease in profit due to the consolidation of historical royalty licencing with a supplier. Sales orders performance was once again strong in all regions, continuing to reflect on the positive response to the Group's strategy for 5G roll-out.

The results are in-line with expectations of the directors as the business continued to manage the uncertainties of the international supply chain supply chain along with the delivery of the new product introductions. Stock levels continue to grow to address these uncertainties and it is believed that the larger order book which is apparent at the end of the financial year will be delivered within the next twelve months.

Key territories of UK and Europe remained buoyant during FY23 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 as the new markets switch on to the product solutions.

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 Group has gained significant market share and into those territories with similar legal and technological backgrounds to its domestic market. This year has seen the growth in the North American market consolidated as the Group's product offering gains market share with customers replacing ageing solutions. CellXion predicts further growth into this key strategic market.

Research and development remain strong within the Group companies with further development of new core developments allowing for greater speeds and multiple instance 5G solutions underpinning the overall technical strategy to provide market leading solutions. NPI programs are planned for the coming year which will also open different vertical markets which the company is confident will offer this market greater technical capabilities which should result in significant revenue for the business.

The senior management team continues to be committed to keeping control of operational costs while building a company structure that can deliver on the pre and post-sale requirements of the ever-increasing customer base. Stock levels within the group have increased again this year but remain under control as the business balances the uncertainty in supply of key components and the demand from the supply chain on pre-payments to secure orders. It is envisaged that while production catches up with the large order book and the company 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 and manage its CEM partner companies to deliver quality products in a timely and cost-effective manner.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023**

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 worldwide shortage of key components. Although the levels of availability for silicon has improved throughout the year, the availability of these key components used in the technology used in the Group's solution remain strained. The Group has again raised its levels of stock to fulfil the sustained demand for its solutions to accommodate for variance within the supply chain. Any further shortage of key components during FY24 will adversely affect the Group'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 FY24 and beyond.

The technology risks on the Group's solutions remain apparent within the marketplace as the new 5G standards roll-out across the key territories. The markets are showing some increased levels of activity to embrace the new standards and the technical challenges that this will bring. The directors are confident that the Group is in a strong position to mitigate the technical 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.

Financial key performance indicators

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

In 2023, the Group turnover figure remained consistently high for yet another year which underpins the strength of the Group's business strategy within the key markets that it operates. Operating profit decrease was within the expected range as the company paid for royalty payments on key technology used in its solutions. Revenue decreased by circa 4% while operating profit decreased by circa 64% as the Group realised those outstanding creditor payments.

The decrease in both revenue and profit are along expectations of the directors as the Group consolidated its strong position within the marketplace and 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 FY24.

This report was approved by the board on 30 July 2024 and signed on its behalf.

P Moore
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2023**

The directors present their report and the financial statements for the year ended 31 October 2023. 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 £4,487,198 (2022 - £10,799,394).

Ordinary dividends amounting to £Nil (2022: £6,000,000) were paid during the year.

Directors

The directors who served during the year were:

M W 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023**

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

See note 26.

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

**P Moore
Director**

Date: 30 July 2024

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 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the 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 2023 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 3, 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.

Nick Whitehead FCCA (Senior Statutory Auditor)
for and on behalf of
ZEDRA Corporate Reporting Services (UK) Limited
Chartered Accountants and Statutory Auditors
Birchin Court
5th Floor
19-25 Birchin Lane
London
United Kingdom
EC3V 9DU

30 July 2024

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2023**

	Note	2023 £	2022 £
Turnover	4	27,939,429	29,044,775
Cost of sales		(20,057,614)	(13,633,375)
Gross profit		7,881,815	15,411,400
Administrative expenses		(3,246,749)	(2,781,634)
Other operating income		6,541	10,738
Operating profit	5	4,641,607	12,640,504
Income from participating interests		-	(78,946)
Income from fixed assets investments	8	376,040	497,536
Interest receivable and similar income		144,249	26,157
Interest payable and similar expenses		(1,039)	-
Profit before taxation		5,160,857	13,085,251
Tax on profit	9	(673,659)	(2,285,857)
Profit for the financial year		4,487,198	10,799,394
Currency translation differences		(14,816)	63,631
Other comprehensive income for the year		(14,816)	63,631
Total comprehensive income for the year		4,472,382	10,863,025
Profit for the year attributable to:			
Owners of the parent Company		4,487,198	10,799,394
		4,487,198	10,799,394
Total comprehensive income for the year attributable to:			
Owners of the parent Company		4,472,382	10,863,025
		4,472,382	10,863,025

The notes on pages 18 to 36 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible fixed assets	12	182,932	175,430
Tangible fixed assets	13	2,595,189	2,855,271
Fixed asset investments	14	384,216	568,216
		<u>3,162,337</u>	<u>3,598,917</u>
Current assets			
Stocks	15	10,029,122	6,376,470
Debtors: amounts falling due within one year	16	14,977,720	10,882,096
Bank and cash balances		13,772,802	14,098,952
		<u>38,779,644</u>	<u>31,357,518</u>
Creditors: amounts falling due within one year	17	(9,901,825)	(7,308,239)
Net current assets		<u>28,877,819</u>	<u>24,049,279</u>
Total assets less current liabilities		<u>32,040,156</u>	<u>27,648,196</u>
Creditors: amounts falling due after more than one year	18	(236,007)	(316,429)
Provisions for liabilities			
Deferred taxation	20	(76,216)	(76,216)
Provisions	21	(1,737,543)	(1,737,543)
		<u>(1,813,759)</u>	<u>(1,813,759)</u>
Net assets		<u><u>29,990,390</u></u>	<u><u>25,518,008</u></u>

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 OCTOBER 2023

	Note	2023 £	2022 £
Capital and reserves			
Called up share capital	22	100	100
Foreign exchange reserve	23	(29,442)	(14,626)
Profit and loss account	23	30,019,732	25,532,534
Equity attributable to owners of the parent Company		29,990,390	25,518,008
		29,990,390	25,518,008

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

P Moore
Director

Date: 30 July 2024

The notes on pages 18 to 36 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 OCTOBER 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	12	182,932	175,430
Tangible assets	13	2,572,128	2,780,667
Investments	14	481,611	665,358
		<u>3,236,671</u>	<u>3,621,455</u>
Current assets			
Stocks	15	9,877,068	6,352,928
Debtors: amounts falling due within one year	16	15,082,109	10,897,316
Cash at bank and in hand		13,339,682	13,685,323
		<u>38,298,859</u>	<u>30,935,567</u>
Creditors: amounts falling due within one year	17	(9,859,662)	(7,247,563)
Net current assets		<u>28,439,197</u>	<u>23,688,004</u>
Total assets less current liabilities		<u>31,675,868</u>	<u>27,309,459</u>
Creditors: amounts falling due after more than one year	18	(236,007)	(316,429)
Provisions for liabilities			
Deferred taxation	20	(76,216)	(76,216)
Provisions	21	(1,737,543)	(1,737,543)
		<u>(1,813,759)</u>	<u>(1,813,759)</u>
Net assets		<u><u>29,626,102</u></u>	<u><u>25,179,271</u></u>

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 OCTOBER 2023

	Note	2023 £	2022 £
Capital and reserves			
Called up share capital	22	100	100
Profit and loss account	23	29,626,002	25,179,171
		<u>29,626,102</u>	<u>25,179,271</u>

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

P Moore
Director

Date: 30 July 2024

The notes on pages 18 to 36 form part of these financial statements.

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

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
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
Foreign exchange on translation	-	63,631	(9,179)	54,452	54,452
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	-	-	(6,000,000)	(6,000,000)	(6,000,000)
Total transactions with owners	-	-	(6,000,000)	(6,000,000)	(6,000,000)
At 1 November 2022	100	(14,626)	25,532,534	25,518,008	25,518,008
Comprehensive income for the year					
Profit for the year	-	-	4,487,198	4,487,198	4,487,198
Foreign exchange on translation	-	(14,816)	-	(14,816)	(14,816)
Total comprehensive income for the year	-	(14,816)	4,487,198	4,472,382	4,472,382
At 31 October 2023	100	(29,442)	30,019,732	29,990,390	29,990,390

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 November 2021	100	21,361,316	21,361,416
Comprehensive income for the year			
Profit for the year	-	9,817,855	9,817,855
Total comprehensive income for the year	-	9,817,855	9,817,855
Contributions by and distributions to owners			
Dividends: Equity capital	-	(6,000,000)	(6,000,000)
Total transactions with owners	-	(6,000,000)	(6,000,000)
At 1 November 2022	100	25,179,171	25,179,271
Comprehensive income for the year			
Profit for the year	-	4,446,831	4,446,831
Total comprehensive income for the year	-	4,446,831	4,446,831
At 31 October 2023	100	29,626,002	29,626,102

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2023**

	Note	2023 £	2022 £
Cash flows from operating activities			
Profit for the financial year		4,487,198	10,799,394
Adjustments for:			
Loss on disposal of intangible assets	12	23,507	-
Amortisation of intangible assets	12	82,470	119,048
Depreciation of tangible assets	13	431,530	338,644
Impairments of fixed asset investments	14	-	979,162
Loss on disposal of tangible assets	13	27,200	-
Disposal of investment	14	184,000	-
Interest received		(144,249)	(26,157)
Taxation charge	9	673,659	2,285,857
(Increase) in stocks	15	(3,652,652)	(1,050,039)
(Increase)/decrease in debtors	16	(2,126,067)	176,385
Increase in creditors	17,18	4,670,428	1,836,581
(Decrease) in provisions	21	-	(3,640)
Investment income	8	(376,040)	(497,536)
Corporation tax (paid)	9	(4,800,479)	(152,822)
Foreign exchange		(14,816)	54,452
Net cash generated from operating activities		(534,311)	14,859,329
Cash flows from investing activities			
Purchase of intangible fixed assets	12	(113,479)	(39,548)
Purchase of tangible fixed assets	13	(198,649)	(72,470)
Interest received		144,249	26,157
Loss from investments		-	78,946
Investment income	8	376,040	497,536
Net cash from investing activities		208,161	490,621
Cash flows from financing activities			
Dividends paid	10	-	(6,000,000)
Net cash used in financing activities		-	(6,000,000)
Net (decrease)/increase in cash and cash equivalents		(326,150)	9,349,950
Cash and cash equivalents at beginning of year		14,098,952	4,749,002
Cash and cash equivalents at the end of year		13,772,802	14,098,952

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023

	Note	2023 £	2022 £
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		13,772,802	14,098,952
		<u>13,772,802</u>	<u>14,098,952</u>

The notes on pages 18 to 36 form part of these financial statements.

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

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 Birchin Court 5th Floor, 19-25 Birchin Lane, London, United Kingdom, EC3V 9DU. 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 judgment 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 Going concern

The Group has net assets of £29,990,390 at the balance sheet date, which is primarily supported by a strong cash position. The directors have considered the Company forecasts and have concluded that there will be sufficient working capital for at least 12 months from the date of approval of these financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

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

2. Accounting policies (continued)**2.4 Turnover**

Turnover is generated primarily from two main sources:

- ii. Sale of hardware, where turnover is recognised 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.
- ii. Software license revenue is comprised of software being sold alongside hardware, or separately as an upgrade of software to existing customers. Turnover is recognised on a straight line basis over the period of the license, apart from turnover derived from upgrades, which are recognised upfront upon installation.

2.5 Current and deferred taxation

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

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

2.6 Intangible assets

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

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

The estimated useful lives range as follows:

Patents	-	10	years
Computer software	-	3	years

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

2. Accounting policies (continued)**2.7 Tangible fixed assets**

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

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.

Depreciation is provided on the following basis:

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.

2.8 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.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

2. Accounting policies (continued)**2.10 Associates and joint ventures**

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 accounts, 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. 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 impairment.

2.11 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.

2.12 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.

2.13 Cash and cash equivalents

Cash is represented by cash in hand.

2.14 Creditors

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

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

2. Accounting policies (continued)**2.15 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.

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.

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.

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

2. Accounting policies (continued)**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.

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 2023**
3. 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. 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. Management have deemed an impairment necessary on the unlisted investment (see note 14).

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 21).

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.

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.

	2023 £	2022 £
United Kingdom	12,476,865	15,423,273
Rest of Europe	12,009,724	10,603,979
Rest of the world	3,452,840	3,017,523
	<u>27,939,429</u>	<u>29,044,775</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**
5. Operating profit

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

	2023	2022
	£	£
Depreciation of tangible fixed assets	431,530	338,644
Amortisation of intangible fixed assets	82,470	119,048
Exchange differences	34,613	(365,123)
Other operating lease rentals	90,965	48,917
Auditors' remuneration	42,500	39,750
Impairment of investments	-	979,162

6. Employees

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

	Group 2023	<i>Group 2022</i>	Company 2023	<i>Company 2022</i>
	£	£	£	£
Wages and salaries	2,745,082	2,501,743	2,467,103	2,311,264
Social security costs	401,128	378,706	323,474	316,623
Cost of defined contribution scheme	102,387	87,480	102,387	87,480
	<u>3,248,597</u>	<u>2,967,929</u>	<u>2,892,964</u>	<u>2,715,367</u>

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

	Group 2023	<i>Group 2022</i>	Company 2023	<i>Company 2022</i>
	No.	No.	No.	No.
Employees	<u>25</u>	<u>21</u>	<u>21</u>	<u>20</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**
7. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	656,154	606,805
Group contributions to defined contribution pension schemes	16,594	15,300
	<u>672,748</u>	<u>622,105</u>

During the year retirement benefits were accruing to one director (2022 - one) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £339,497 (2022 - £306,805).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £16,594 (2022 - £15,300).

8. Income from investments

	2023 £	2022 £
Income from fixed asset investments	(376,040)	(497,536)
	<u>(376,040)</u>	<u>(497,536)</u>

9. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	365,858	2,157,263
Adjustments in respect of previous periods	280,801	241,334
	<u>646,659</u>	<u>2,398,597</u>
Foreign tax		
Foreign tax on income for the year	27,000	(112,740)
	<u>27,000</u>	<u>(112,740)</u>
Total current tax	<u>673,659</u>	<u>2,285,857</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**
9. Taxation (continued)
Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - *lower than*) the standard rate of corporation tax in the UK of 22.52% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>5,160,857</u>	<u>13,085,251</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.52% (2022 - 19%)	1,155,975	2,486,198
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	55,917	32,812
Capital allowances for year in excess of depreciation	43,017	34,086
(Over)/under to tax charge in respect of prior periods	(280,801)	241,334
Other timing differences leading to an increase (decrease) in taxation	4,705	20,003
Non-taxable income	(84,901)	(692)
Other permanent differences	(230,677)	(248,357)
Tax on eliminating entries upon consolidation	(9,765)	(109,912)
Differences on overseas tax	20,189	(169,615)
Total tax charge for the year	<u><u>673,659</u></u>	<u><u>2,285,857</u></u>

10. Dividends

	2023 £	2022 £
Cash dividend for the year of £6 per Ordinary share	-	6,000,000
	<u>-</u>	<u>6,000,000</u>

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 £4,446,831 (2022 - £9,817,855).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**
12. Intangible assets
Group and Company

	Patents £	Computer software £	Total £
Cost			
At 1 November 2022	63,394	231,084	294,478
Additions	46,679	66,800	113,479
Disposals	-	(37,968)	(37,968)
At 31 October 2023	<u>110,073</u>	<u>259,916</u>	<u>369,989</u>
Amortisation			
At 1 November 2022	14,806	104,242	119,048
Charge for the year on owned assets	11,435	71,035	82,470
On disposals	-	(14,461)	(14,461)
At 31 October 2023	<u>26,241</u>	<u>160,816</u>	<u>187,057</u>
Net book value			
At 31 October 2023	<u>83,832</u>	<u>99,100</u>	<u>182,932</u>
<i>At 31 October 2022</i>	<u>48,588</u>	<u>126,842</u>	<u>175,430</u>

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

13. Tangible fixed assets

Group

	Freehold property	Plant and machinery	Motor vehicles	Fixtures and fittings	Office equipment	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 November 2022	3,205,610	655,087	145,018	186,596	6,772	4,199,083
Additions	-	107,889	89,892	165	703	198,649
Disposals	-	-	(68,000)	-	-	(68,000)
At 31 October 2023	<u>3,205,610</u>	<u>762,976</u>	<u>166,910</u>	<u>186,761</u>	<u>7,475</u>	<u>4,329,732</u>
Depreciation						
At 1 November 2022	745,656	389,709	99,028	108,333	1,086	1,343,812
Charge for the year on owned assets	199,941	166,307	27,320	36,592	1,370	431,530
Disposals	-	-	(40,800)	-	-	(40,800)
At 31 October 2023	<u>945,597</u>	<u>556,016</u>	<u>85,548</u>	<u>144,925</u>	<u>2,456</u>	<u>1,734,542</u>
Net book value						
At 31 October 2023	<u>2,260,013</u>	<u>206,960</u>	<u>81,362</u>	<u>41,836</u>	<u>5,019</u>	<u>2,595,190</u>
At 31 October 2022	<u>2,459,954</u>	<u>265,378</u>	<u>45,990</u>	<u>78,262</u>	<u>5,687</u>	<u>2,855,271</u>

The net book value of land which is not depreciated and included within freehold property is £146,077 (2022: £146,077).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**
13. Tangible fixed assets (continued)
Company

	Freehold property	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£	£
Cost or valuation					
At 1 November 2022	3,205,610	564,401	145,018	173,589	4,088,618
Additions	-	78,918	89,892	-	168,810
Disposals	-	-	(68,000)	-	(68,000)
At 31 October 2023	<u>3,205,610</u>	<u>643,319</u>	<u>166,910</u>	<u>173,589</u>	<u>4,189,428</u>
Depreciation					
At 1 November 2022	745,656	359,975	99,028	103,292	1,307,951
Charge for the year on owned assets	199,941	88,170	27,320	34,718	350,149
Disposals	-	-	(40,800)	-	(40,800)
At 31 October 2023	<u>945,597</u>	<u>448,145</u>	<u>85,548</u>	<u>138,010</u>	<u>1,617,300</u>
Net book value					
At 31 October 2023	<u>2,260,013</u>	<u>195,174</u>	<u>81,362</u>	<u>35,579</u>	<u>2,572,128</u>
At 31 October 2022	<u>2,459,954</u>	<u>204,426</u>	<u>45,990</u>	<u>70,297</u>	<u>2,780,667</u>

The net book value of land which is not depreciated and included within freehold property is £146,077 (2022: £146,077).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**
14. Fixed asset investments
Group

	Investments in associates	Unlisted investments	Total
	£	£	£
Cost or valuation			
At 1 November 2022	547,378	1,000,000	1,547,378
At 31 October 2023	<u>547,378</u>	<u>1,000,000</u>	<u>1,547,378</u>
Impairment			
At 1 November 2022	163,162	816,000	979,162
Charge for the period	-	184,000	184,000
At 31 October 2023	<u>163,162</u>	<u>1,000,000</u>	<u>1,163,162</u>
Net book value			
At 31 October 2023	<u>384,216</u>	<u>-</u>	<u>384,216</u>
<i>At 31 October 2022</i>	<u>384,216</u>	<u>184,000</u>	<u>568,216</u>

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

	Investments in subsidiary companies	Investments in associates	Unlisted investments	Total
	£	£	£	£
Cost or valuation				
At 1 November 2022	18,195	626,325	1,000,000	1,644,520
Additions	-	253	-	253
At 31 October 2023	<u>18,195</u>	<u>626,578</u>	<u>1,000,000</u>	<u>1,644,773</u>
Impairment				
At 1 November 2022	-	163,162	816,000	979,162
Charge for the period	-	-	184,000	184,000
At 31 October 2023	<u>-</u>	<u>163,162</u>	<u>1,000,000</u>	<u>1,163,162</u>
Net book value				
At 31 October 2023	<u>18,195</u>	<u>463,416</u>	<u>-</u>	<u>481,611</u>
At 31 October 2022	<u>18,195</u>	<u>463,163</u>	<u>184,000</u>	<u>665,358</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

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

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Raw materials and consumables	7,058,657	23,542	6,906,603	-
Work in progress (goods to be sold)	610,895	-	610,895	-
Finished goods and goods for resale	2,359,570	6,352,928	2,359,570	6,352,928
	<u>10,029,122</u>	<u>6,376,470</u>	<u>9,877,068</u>	<u>6,352,928</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.
During the year, management recognised an impairment of £Nil (2022: £181,425) due to its cost exceeding its net realisable value.

16. Debtors

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Trade debtors	3,109,658	3,347,299	4,149,389	4,008,419
Amounts owed by group undertakings	158,030	-	-	-
Other debtors	10,133,014	5,846,475	9,374,224	5,206,210
Prepayments and accrued income	1,577,018	1,688,322	1,558,496	1,682,687
	<u>14,977,720</u>	<u>10,882,096</u>	<u>15,082,109</u>	<u>10,897,316</u>

17. Creditors: Amounts falling due within one year

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Trade creditors	1,607,288	811,890	1,639,736	816,136
Corporation tax	-	2,157,263	-	2,157,264
Other taxation and social security	71,831	68,642	71,667	68,420
Other creditors	177,325	166,030	113,111	110,629
Accruals and deferred income	8,045,381	4,104,414	8,035,148	4,095,114
	<u>9,901,825</u>	<u>7,308,239</u>	<u>9,859,662</u>	<u>7,247,563</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**
18. Creditors: Amounts falling due after more than one year

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Accruals and deferred income	236,007	316,429	236,007	316,429
	<u>236,007</u>	<u>316,429</u>	<u>236,007</u>	<u>316,429</u>

19. Financial instruments

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>24,221,292</u>	<u>22,593,426</u>	<u>22,433,725</u>	<u>22,585,551</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>7,333,932</u>	<u>1,891,348</u>	<u>7,331,307</u>	<u>1,830,893</u>

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

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

20. Deferred taxation

Group	2023 £
At beginning of year	(76,216)
At end of year	<u>(76,216)</u>

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

20. Deferred taxation (continued)

Company

				2023 £
At beginning of year				<u>(76,216)</u>
At end of year				<u>(76,216)</u>
	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Accelerated capital allowances	<u>(76,216)</u>	<u>(76,216)</u>	<u>(76,216)</u>	<u>(76,216)</u>
	<u>(76,216)</u>	<u>(76,216)</u>	<u>(76,216)</u>	<u>(76,216)</u>

21. Provisions

Group and Company

	Social security provision £	Other provision £	Total £
At 1 November 2022	<u>1,691,303</u>	<u>46,240</u>	<u>1,737,543</u>
At 31 October 2023	<u>1,691,303</u>	<u>46,240</u>	<u>1,737,543</u>

22. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
100 (2022 - 100) Share capital shares of £1.00 each	<u>100</u>	<u>100</u>

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

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.

24. Related party transactions

During the year, invoices of £6,734,744 (2022: £2,035,800) 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 (2022: £4,700,000) due from Wave Mobile Ltd.

During the year, purchases totalling £3,981,789 (2022: £5,117,439) 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 £331,177 (2022: £33,719) was due to cellXica Limited.

During the year, purchases totalling £NIL (2022: £1,430,400) were made from Quortus Limited, a company under the common management of P Moore, a director of cellXion Ltd. During the year, amounts paid on liquidation to cellXion Ltd of £376,380 (2022: £497,536) from Quortus Limited.

Included within the parent Company's debtors, as at the balance sheet date, is an amount of £465,693 (2022: £NIL) was due from cellXicus, Inc, an associate entity. No interest is charged on this amount, which is repayable on demand.

Included within the parent Company's debtors, as at the Balance Sheet date, is an amount of £1,419,357 due from A Timson (2022: £NIL), in respect of his director's loan account. No interest is charged on the loan. A Timson was paid a dividend of £NIL (2022: £3,000,000) during the year.

Included within the parent Company's debtors, as at the Balance Sheet date, is an amount of £NIL (2022: £NIL 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 £NIL (2022: £3,000,000) 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 2023, the Company declared dividends to the amount of £4,000,000 payable to the shareholders of the business. This is a non-adjusting event. There were no adjusting or any other non-adjusting events occurring between the end of the reporting period and the date these financial statements were approved.

