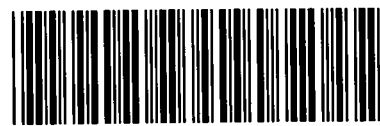


Company Registration No. 06768053 (England and Wales)

RADIO PHYSICS SOLUTIONS LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
PAGES FOR FILING WITH REGISTRAR

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RADIO PHYSICS SOLUTIONS LTD

COMPANY INFORMATION

Directors	Lord D Dundonald Mr V Levi D'Ancona Mr E A Posner Mr E J Godere	(Appointed 29 June 2016)
Secretary	Anglo Scientific Limited	
Company number	06768053	
Registered office	Lancaster House 67 Newhall Street Birmingham B3 1NQ	
Auditor	Edwards 34 High Street Aldridge Walsall West Midlands WS9 8LZ	
Bankers	HSBC Bank plc 1 Church Street Malvern Worcestershire WR14 2AB	

RADIO PHYSICS SOLUTIONS LTD

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RADIO PHYSICS SOLUTIONS LTD

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Intangible assets	4		1,839,412		1,391,236
Tangible assets	5		6,821		12,966
Investments	6		1		63
			<u>1,846,234</u>		<u>1,404,265</u>
Current assets					
Stocks		312,153		213,094	
Debtors	7	304,274		1,059,627	
Cash at bank and in hand		69,474		9,665	
		<u>685,901</u>		<u>1,282,386</u>	
Creditors: amounts falling due within one year	8	<u>(1,477,152)</u>		<u>(673,745)</u>	
Net current (liabilities)/assets			<u>(791,251)</u>		<u>608,641</u>
Total assets less current liabilities			<u>1,054,983</u>		<u>2,012,906</u>
Capital and reserves					
Called up share capital	10		3,854		3,485
Share premium account			5,465,538		4,490,580
Other reserves			778,745		141,525
Equity reserve			25,030		9,074
Profit and loss reserves			(5,218,184)		(2,631,758)
Total equity			<u>1,054,983</u>		<u>2,012,906</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 27 March 2017 and are signed on its behalf by:

Lord D Dundonald
Director



Company Registration No. 06768053

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Radio Physics Solutions Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Lancaster House, 67 Newhall Street, Birmingham, B3 1NQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2016 are the first financial statements of Radio Physics Solutions Ltd prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2015. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 17.

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 399 of the Companies Act 2006 not to prepare group accounts.

1.2 Going concern

These financial statements have been prepared on the going concern basis. The directors consider that the company will be able to generate sufficient income and raise sufficient finance to fund its operations for the foreseeable future and to meet its liabilities as they fall due.

1.3 Turnover

Turnover is recognised to the extent that it is probable an economic benefit will flow to the company and the revenue can be reliably measured.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents	10% straight line
Development costs	20% straight line

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	20% straight line
Fixtures, fittings & equipment	25% straight line
Computer equipment	33.33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Short term trade debtors are measured at transaction price, less any impairment. Other debtors are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, less any impairment.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Short term trade creditors are measured at transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost.

1.12 Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.16 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except.

1.18 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DÉCEMBER 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Research and development

The directors consider certain types of expenditure to be relevant to future revenues in respect of the company product base and as such have chosen to capitalise this expenditure. This expenditure is then amortised over a period of 5 years, this being the period over which the directors anticipate the company to benefit from revenue streams as a result of this expenditure.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Share options

The company has granted share options. The options have been calculated using the Black-Scholes model which requires judgement in determining and assessing key assumptions and therefore results in some estimation uncertainty.

Loan notes

The company has issued convertible loan notes. The fair value of the liability component is estimated using the prevailing interest rate for a similar non-convertible instrument and amortised using the effective interest method which therefore results in some estimation uncertainty.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 6 (2015 - 3).

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

4 Intangible fixed assets

	Patents	Development costs	Total
	£	£	£
Cost			
At 1 January 2016	240,434	1,515,601	1,756,035
Additions - separately acquired	43,405	920,815	964,220
At 31 December 2016	283,839	2,436,416	2,720,255
Amortisation and impairment			
At 1 January 2016	60,951	303,848	364,799
Amortisation charged for the year	28,761	487,283	516,044
At 31 December 2016	89,712	791,131	880,843
Carrying amount			
At 31 December 2016	194,127	1,645,285	1,839,412
At 31 December 2015	179,483	1,211,753	1,391,236

5 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2016 and 31 December 2016	29,103
Depreciation and impairment	
At 1 January 2016	16,137
Depreciation charged in the year	6,145
At 31 December 2016	22,282
Carrying amount	
At 31 December 2016	6,821
At 31 December 2015	12,966

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

6 Fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2016 & 31 December 2016	63
Impairment	
At 1 January 2016	-
Impairment losses	62
At 31 December 2016	62
Carrying amount	
At 31 December 2016	1
At 31 December 2015	63

7 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	17,274	10,075
Corporation tax recoverable	254,368	186,090
Amounts due from group undertakings	-	816,382
Other debtors	32,632	47,080
	<u>304,274</u>	<u>1,059,627</u>

8 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	288,902	247,549
Other taxation and social security	45,581	10,491
Other creditors	1,142,669	415,705
	<u>1,477,152</u>	<u>673,745</u>

Included in other creditors are £566,880 (2015 - £233,760) unsecured convertible redeemable 10% loan notes. All loan notes rank equally. Interest due on outstanding loan notes is paid on a quarterly basis. A loan note holder may elect to convert loan notes (into ordinary shares of 1p each at a conversion price of £24 per share) on or before the maturity date of 31 December 2016. During the year, the terms of these loan notes were varied to extend the backstop date to 30 June 2017.

In addition, included in other creditors are other loans of \$500,000 (2015 - £Nil). The loans carry interest at 20% and are repayable by the company on or before 31 October 2017.

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

9 Share-based payment transactions

The company has taken advantage of transitional exemptions not to apply FRS102 1A to any share-based payment transactions entered into before the transition date of 1 January 2015.

The total number of options granted prior to transition to FRS102 1A that were exercisable at 31 December 2016 were 10,929, they had an exercise price ranging from £9.49 per share to £21 per share and at 31 December 2016 had an average remaining contractual life of 5 years.

The following information therefore only discloses information about share-based payment transactions granted on or after 1 January 2015:

	Number of share options		Weighted average exercise price	
	2016 Number	2015 Number	2016 £	2015 £
Outstanding at 1 January 2016	11,487	-	23.64	-
Granted	52,431	11,487	25.77	23.64
Expired	(1,336)	-	23.50	-
	<u>62,582</u>	<u>11,487</u>	<u>25.42</u>	<u>23.64</u>
Outstanding at 31 December 2016	<u>62,582</u>	<u>11,487</u>	<u>25.42</u>	<u>23.64</u>
Exercisable at 31 December 2016	<u>62,582</u>	<u>11,487</u>	<u>25.42</u>	<u>23.64</u>

The options outstanding at 31 December 2016 had an exercise price ranging from £21 to £27, and an average remaining contractual life of 6 years.

Inputs were as follows:

	2016	2015
Weighted average share price (£)	26.40	23.68
Weighted average exercise price (£)	25.42	23.64
Expected volatility (%)	50.00	50.00
Expected life (years)	7.00	9.00
Risk free rate (%)	1.24	1.96
Expected dividends yields (%)	-	-

During the year, the company recognised total share-based payment expenses of £637,220 (2015 - £141,525) which related to equity settled share based payment transactions.

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Called up share capital

	2016	2015
	£	£
Ordinary share capital Issued and fully paid		
385,419 (2015 - 348,481) Ordinary shares of 1p each	3,854	3,485
	<u>3,854</u>	<u>3,485</u>

During the year, 36,938 ordinary shares of 1p each were issued for a total consideration of £975,327.

11 Audit report information

As the profit and loss account has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.
The senior statutory auditor was Neil Taylor BA FCA.
The auditor was Edwards.

12 Financial commitments, guarantees and contingent liabilities

At 31 December 2016, the company had capitalised £52,579 (2015: £52,579) within intangible fixed assets and during the year the company expensed research costs of £Nil (2015: £Nil). These costs represent contractual payments due under a licence agreement. Further amounts will become payable over the course of this agreement and the maximum amount that could be payable is £93,275 (2015: £90,163). At the date these financial statements were approved, £Nil (2015: £Nil) of this amount had crystallised. This agreement can be terminated by the company by giving 6 months written notice.

13 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2016	2015
	£	£
Total	88,550	112,700
	<u>88,550</u>	<u>112,700</u>

14 Events after the reporting date

Subsequent to the year end, 2,641 ordinary shares of 1p each were issued for a total consideration of £71,307.

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

15 Related party transactions

Any directors or senior employees who have authority and responsibility for controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £221,000 (2015 - £192,667).

Lord D Dundonald is executive chairman, who together with Mr V Levi D'Ancona works with the CEO in product development and business development, HR management, financial planning and funding planning. Lord D Dundonald leads board and shareholder activities as well as investor relations and Mr V Levi D'Ancona acts as executive director working closely with the CEO on corporate strategy, contract structuring and negotiation and financial planning. Mr E A Posner is a non-executive director of the company and draws no fee or salary. All three individuals are directors and considered to be key management of Anglo Scientific Limited.

During the year, the company was charged costs of £113,813 (2015 - £138,251) from Anglo Scientific Limited for the services described above. At 31 December 2016 included within trade creditors is an amount of £118,409 (2015 - £87,417) due to Anglo Scientific Limited.

16 Control

In the opinion of the directors, the company is not under the control of any individual or organisation.

17 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

Reconciliation of equity

	Notes	1 January 2015 £	31 December 2015 £
Equity as reported under previous UK GAAP		1,641,543	2,003,832
Adjustments arising from transition to FRS 102:			
Share options	1	-	-
Loan notes	2	-	9,074
Equity reported under FRS 102		<u>1,641,543</u>	<u>2,012,906</u>

Notes to reconciliations on adoption of FRS 102

1 - Share options

FRS 102 requires that share options be measured at fair value at each balance sheet date.

2 - Loan notes

FRS 102 requires that loan notes be measured at fair value at each balance sheet date.