Company number: 04616815

CVON INNOVATIONS LIMITED

Director's report and financial statements

for the year ended 31 December 2012

CVON INNOVATIONS LIMITED

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COMPANY INFORMATION

DIRECTORS

E Kip (appointed 1 August 2012)

COMPANY NUMBER

04616815

REGISTERED OFFICE

Squires House
205A High Street
West Wickham
Kent
BR4 0PH

INDEPENDENT AUDITORS

PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London
E14 4HD

BUSINESS ADDRESS

265 Haydons Road
Wimbledon
London
SW19 8TY

BANKERS

National Westminster Bank
P O Box No 159
332 High Holborn
London
WC1V 7PS

DIRECTOR'S REPORT
for the year ended 31 December 2012

The dırector presents hıs annual report and the audıted financıal statements for the year ended 31 December 2012

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

Havıng sold ıts entıre portfolıo of patents ın December 2010 the company dıd not trade durıng 2012 and the dırector has commenced the lıquıdatıon of the company whıch ıs expected to be completed durıng 2013

The performance achıeved by the company durıng the financıal year ıs set out ın the profit and loss account on page 7 and shows a loss on ordınary actıvıtıes before taxatıon of £1,840,942 for the financıal year (2011 £274,753)

The financıal posıtıon of the company at 31 December 2012 ıs shown on page 8 The company had net assets of £38,718 (2011 £1,879,660) The dırector ıs precluded from recommendıng the payment of a dıvıdend (2011 £nıl)

The dırectors of Blyk Internatıonal Lımıted, the parent of the group of whıch the company ıs a part, acknowledge the dıfficultıes wıth recent busıness performance, specıfically that revenue budgets are not beıng achıeved In addıtıon recent market developments have adversely affected contracts held by the group wıth ıts major customers wıth the probabılıty of securıng new contracts deemed as very low The prospects for the busıness are extremely lımıted wıth cash flow projectıons ındıcatıng that addıtıonal fundıng wıll be requıred by the end of 2013 The ınvestors have however ındıcated that ıt ıs unlıkely that future fundıng wıll be provıded

BASIS OF PREPARATION

Havıng sold the entıre portfolıo of patents ın December 2010 the dırectors ın office at the tıme approved the lıquıdatıon of the company at a Board meetıng held on 28 November 2011 The current concluded that he had no alternatıve but to prepare the financial statements on a break-up basıs and therefore made adjustments to reduce assets to theır net realısable values and to provıde for lıabılıtıes arısıng from the decısıon to wind up the busıness When preparıng the 2012 financıal statements the dırector took the vıew that there was no reason to change the basıs of preparatıon The value of assets has been revıewed and adjusted where necessary at 31 December 2012 and the provısıon for future lıabılıtıes revıewed to ensure ıt ıs adequate to cover all costs of wındıng up the busıness

Accountıng polıcıes on page 9 of the financıal statements provıdes further detaıls on the basıs of preparatıon

RESULTS AND DIVIDENDS

The loss for the financıal year was £1,840,942 (2011 £274,753) The dırector was precluded from recommendıng the payment of a dıvıdend

DIRECTORS

The dırectors of the company who were ın office durıng the year and up to the date of sıgnıng the financıal statements were

E Kıp	(appoınted 1 August 2012)
P Ala-Pıetıla	(resıgned 1 August 2012)
A J Tarjanne	(resıgned 1 August 2012)

DIRECTOR'S REPORT
for the year ended 31 December 2012 (continued)

STATEMENT OF DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS

The director who was in office at the date of approval of this directors' report has confirmed, as far as he is aware, that there is no relevant audit information of which the independent auditors are unaware The director has confirmed that he has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that it has been communicated to the independent auditors

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP ceased as auditor on 4 February 2013 and the director approved the appointment of Littlejohn LLP Littlejohn LLP changed its name to PKF Littlejohn LLP on 1 July 2013

This report has been prepared in accordance with the special provisions within Part 15 of the Companies Act 2006 relating to small companies

Signed and authorised for issue by

E Kip
Director

Date 24/9/2013

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the director's report and the 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Signed and authorised for issue by

E Kip
Director

Date 24/9/2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVON INNOVATIONS LIMITED

We have audited the financial statements of CVON Innovations Limited for the year ended 31 December 2012 which comprise the profit and loss account, balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 and for no other purpose 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 auditor's 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Director's Responsibilities Statement set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

OPINION ON FINANCIAL STATEMENTS

In our opinion, the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss 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 Companies Act 2006

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CVON INNOVATIONS LIMITED (continued)

EMPHASIS OF MATTER –BASIS OF PREPARATION

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made concerning the company's ability to continue as a going concern in the statement of accounting policies on page 9of these financial statements The company incurred a net loss of £1,840,942 for the year ended 31 December 2012 bringing the cumulative losses as of that date to £4,312,766 In addition, the company disposed its entire portfolio of patents rights, in December 2010 leading to the directors in office at 28 November 2011 deciding to liquidate the company, a decision that was approved in the Board meeting held on that date Accordingly the director has concluded that the going concern basis of accounting is not appropriate and a break-up basis has been adopted Where appropriate, adjustments have been made in these financial statements to reduce assets to their realisable values, provide for liabilities arising from the decision to close the company and to reclassify fixed assets and long-term liabilities as current assets and liabilities Our opinion is not modified in this respect

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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, or
- the directors were not entitled to prepare financial statements in accordance with the small company regime

Alison Sheridan

Alison Sheridan (Senior Statutory Auditor)
For and behalf of PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London
E14 4HD

Date 28 September 2013

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2012

	Notes	2012 £	2011 £
Administrative expenses		**(34,599)**	(226,981)
Operating loss		**(34,599)**	(226,981)
Exceptional costs	1	**(1,847,263)**	-
Interest receivable and similar income	2	**70,045**	-
Interest payable and similar charges	3	**(29,125)**	(47,772)
Loss on ordinary activities before taxation	4	**(1,840,942)**	(274,753)
Tax on loss on ordinary activities	6	**-**	-
Loss for the financial year	13	**(1,840,942)**	(274,753)

The company has no recognised gains or losses other than those included in the results above and therefore no separate statement of recognised gains and losses has been presented

All amounts relate to discontinued operations

There is no material difference between the losses on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

The Accounting policies and Notes on pages 9 to 14 form part of these financial statements

BALANCE SHEET
as at 31 December 2012 **Company number: 04616815**

	Notes	2012 £	2011 £
Current assets			
Tangible assets	8	**408**	544
Debtors	9	**669**	1,830,943
Cash at bank and in hand		**40,997**	58,173
		42,074	1,889,660
Creditors: amounts falling due within one year	10	**(3,356)**	(10,000)
Net current assets		**38,718**	1,879,660
Total assets less current liabilities		**38,718**	1,879,660
Capital and reserves			
Called up share capital	11	**76,495**	76,495
Share premium account	12	**4,274,989**	4,274,989
Profit and loss account	12	**(4,312,766)**	(2,471,824)
Total shareholders' funds	13	**38,718**	1,879,660

These financial statements have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies

The financial statements were approved by the Director on 24/09/2013
and are signed by

E Kip
Director

The Accounting policies and Notes on pages 9 to 14 form part of these financial statements

ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom on a consistent basis and under the historical cost convention and comply with the requirements of the Companies Act 2006

Having sold the entire portfolio of patents in December 2010 the directors have approved the liquidation of the company at a Board meeting held on 28 November 2011 Therefore the current director concluded that he had no alternative but to prepare the financial statements on a break-up basis and therefore made adjustments to reduce assets to their net realisable values and to provide for liabilities arising from the decision to wind up the business When preparing the 2012 financial statements the director took the view that there was no reason to change the basis of preparation The value of assets has been reviewed and adjusted where necessary at 31 December 2012 and the provision for future liabilities reviewed to ensure it is adequate to cover all costs of winding up the business

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

Depreciation is provided at rates calculated to write off the cost less residual value of each tangible fixed asset over its expected useful life, as follows

Fixtures, fittings and equipment - 25% reducing balance

Tangible fixed assets have been written down to net realisable value and transferred to current assets held for disposal

FUTURE TERMINAL COSTS

As stated in the note "Basis of Preparation of the Financial Statements" above, certain costs will be incurred as a result of the decisions, subject to shareholder approval, to dispose of the business and to liquidate the company These have not been provided for in the financial statement for the year ended 31 December 2012 as the entire patent portfolio was disposed during the year ended 31 December 2010 and it is anticipate that the cost of liquidation will trifling

FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date Transactions in foreign currencies are recorded at the date of the transactions All differences are taken to the profit and loss account

PENSION PAYMENTS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

CASH FLOW EXEMPTION

The company has taken advantage of the exemption for small companies and has not prepared a cash flow statement

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

1. EXCEPTIONAL COSTS

	2012	2011
	£	£
Write off of amount due from group undertaking	1,839,536	-
Write-off of amount due from investors	7,727	-
	1,847,263	-

The amount due from the parent company has been written-off on the basis that there is no likelihood that this amount will be received

The director is of the opinion that an outstanding amount due from investors in the company is not recoverable and has therefore approves that it be written-off

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012	2011
	£	£
Interest due from group undertakings	70,045	-
	70,045	-

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Foreign exchange loss	29,125	47,772
	29,125	47,772

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2012	2011
	£	£
Loss on ordinary activities before taxation is stated after charging		
Depreciation of tangible fixed assets	136	182
Auditors' remuneration – audit	8,000	25,000

5. EMPLOYEES

There were no employees (2011 0) during the financial year apart from the directors The directors did not receive any emoluments in respect of their services to the company (2011 £nil)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

6. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge for year (2011 £nil)

The tax assessed for the year is higher (2011 higher) than the small company rate of corporation tax in UK of 20% (2011 20 25%)

	2012 £	2011 £
Loss on ordinary activities before taxation	**(1,840,942)**	(274,753)
Loss on ordinary activities multiplied by the small company rate of corporation tax 20% (2011 20 25%)	**(368,188)**	(55,637)
Expenses not deductible for tax purposes	**375,452**	-
Capital allowances less than depreciation	**27**	37
Effects of losses carried forward	**(7,291)**	55,600
Total current tax charge	**-**	-

No deferred tax has been recognised as it is uncertain whether sufficient profits will be generated in the short term to relieve these losses

7. PENSION COSTS

The company operates a defined contribution pension scheme The scheme and its assets are held by independent managers The pension charge represents contributions due from the company and amounted to £nil (2011 £nil)

8. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £	Total £
Cost		
At 1 January 2012 and **31 December 2012**	1,874	**1,874**
Accumulated depreciation		
At 1 January 2012	1,330	**1,330**
Charge for the financial year	136	**136**
At 31 December 2012	1,466	**1,466**
Net book value		
At 31 December 2012	408	**408**
At 31 December 2011	544	**544**

The net realisable value is not significantly different from the carrying value

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

9. DEBTORS

	2012 £	2011 £
Amounts owed by group undertakings	-	1,822,616
Other debtors	669	8,327
	669	1,830,943

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Accruals and deferred income	3,356	10,000
	3,356	10,000

11. CALLED UP SHARE CAPITAL

	2012 £	2011 £
Allotted and fully paid		
300,000 (2010 300,000) 'A' ordinary shares of £0 10 each	30,000	30,000
367,847 (2010 367,847) 'B' ordinary shares of £0 10 each	36,785	36,785
97,106 (2010 97,106) 'C' ordinary shares of £0 10 each	9,710	9,710
	76,495	76,495

Particulars in respect to voting

Holders of A ordinary shares are entitled to 37 5% of the total votes capable of being cast at a meeting, pro-rated for the number of A-shareholders present Holders of B ordinary shares are entitled to 62 5% of the total votes capable of being cast at a meeting, pro-rated for the number of B-shareholders present Holders of C shares cannot vote

Particulars in respect to dividends

Any profits resolved to be distributed shall be allocated as follows
i First, holders of each type of share shall receive an amount corresponding to the nominal value paid up on that share
ii Secondly, each holder of each type of shares shall receive an amount corresponding to any share premium paid up on that share, pro rata to their respective share premiums until such amounts have been paid in full
iii Thirdly, holders of 'A' and 'B' shares shall receive 5/6 and the holders of 'C' shares shall received 1/6 of the remaining surplus With regard to remaining surplus, the holders of the 'A' and 'B' ordinary shares rank pari passu inter se except that the holders of the 'A' and 'B' ordinary shares shall receive no less than 19/25 of the remaining surplus to which holders of 'A' and 'B' shares are entitled

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

11. CALLED UP SHARE CAPITAL (continued) *Particulars in respect to liquidation*

Any profits resolved to be distributed shall be allocated as follows
i First, holders of each type of share shall receive an amount corresponding to the nominal value paid up on that share
ii Secondly, each holder of each type of shares shall receive an amount corresponding to any share premium paid up on that share, pro rata to their respective share premiums until such amounts have been paid in full
iii Thirdly, holders of 'A' and 'B' shares shall receive 5/6 and the holders of 'C' shares shall receive 1/6 of the remaining surplus With regard to remaining surplus, the holders of the 'A' and 'B' ordinary shares rank pari passu inter se except that the holders of the 'A' and 'B' ordinary shares shall receive no less than 19/25 of the remaining surplus to which holders of 'A' and 'B' shares are entitled

Notwithstanding the rights attaching to the shares set out above, the first 10 per cent of any liquidation surplus shall be distributed as a priority entitlement to the holders of the 'A' ordinary shares, pro rata to the number of 'A' ordinary shares held by them respectively Thereafter, the distribution criteria set out above shall apply except that holders of 'A' ordinary shares shall not receive any further distribution until such time as an amount equal to the sum per share distributed to them as a priority has been paid per share on each other class of shares

12. RESERVES

	Share premium account £	Profit and loss account £
At 1 January 2012	4,274,989	(2,471,824)
Loss for the financial year	-	(1,840,942)
At 31 December 2012	**4,274,989**	**(4,312,766)**

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	**1,879,660**	2,154,413
Loss for the financial year	**(1,840,942)**	(274,753)
Closing shareholders' funds	**38,718**	1,879,660

14. RELATED PARTY TRANSACTIONS

	2012 £	2011 £
Amounts due from group undertakings at the balance sheet date		
Blyk International Limited	-	1,822,616

An amount of £1,839,536 due from Blyk International Limited was written-off to the profit and loss account during 2012 Interest of £70,045 was charged on the loan

An amount of £7,727 due from an investor in the company was written off on the grounds that the director deemed it to be irrecoverable

15. ULTIMATE PARENT COMPANY

The company's ultimate controlling party and immediate and ultimate parent company is Blyk International Limited, a company registered in England and with a registered office address of Squires House, 205A High Street, West Wickham, Kent BR4 0PH