

Company Registration No. 06768053 (England and Wales)

RADIO PHYSICS SOLUTIONS LTD
UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020
PAGES FOR FILING WITH REGISTRAR

RADIO PHYSICS SOLUTIONS LTD

CONTENTS

	Page
Balance sheet	1 - 2
Statement of changes in equity	3
Notes to the financial statements	4 - 14

RADIO PHYSICS SOLUTIONS LTD

BALANCE SHEET

AS AT 31 DECEMBER 2020

		31 Dec 2020		30 Jun 2020	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	4		2,875,929		2,791,296
Tangible assets	5		55,836		66,999
Investments	6		1		1
			<u>2,931,766</u>		<u>2,858,296</u>
Current assets					
Stocks		126,976		172,743	
Debtors	7	364,564		359,228	
Cash at bank and in hand		331,412		135,193	
		<u>822,952</u>		<u>667,164</u>	
Creditors: amounts falling due within one year	8	(4,960,894)		(4,663,401)	
Net current liabilities			<u>(4,137,942)</u>		<u>(3,996,237)</u>
Total assets less current liabilities			<u>(1,206,176)</u>		<u>(1,137,941)</u>
Creditors: amounts falling due after more than one year	9		(500,470)		-
Net liabilities			<u><u>(1,706,646)</u></u>		<u><u>(1,137,941)</u></u>
Capital and reserves					
Called up share capital	11		4,377		4,372
Share premium account			7,173,433		7,147,048
Equity reserve			727,079		577,079
Other reserves			1,369,412		1,082,849
Profit and loss reserves			<u>(10,980,947)</u>		<u>(9,949,289)</u>
Total equity			<u><u>(1,706,646)</u></u>		<u><u>(1,137,941)</u></u>

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

For the financial period ended 31 December 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the period in question in accordance with section 476.

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

RADIO PHYSICS SOLUTIONS LTD

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 29 April 2021 and are signed on its behalf by:

Mr G R King
Director

Company Registration No. 06768053

RADIO PHYSICS SOLUTIONS LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2020

	Share capital	Share premium account	Equity reserve	Other reserves/loss	Profit and reserves	Total
Notes	£	£	£	£	£	£
Balance at 1 January 2020	4,332	6,935,036	577,079	1,067,120	(9,094,575)	(511,008)
Period ended 30 June 2020:						
Loss and total comprehensive income for the period	-	-	-	-	(854,714)	(854,714)
Issue of share capital	40	212,012	-	-	-	212,052
Share based payments adjustment	10	-	-	15,729	-	15,729
Balance at 30 June 2020	4,372	7,147,048	577,079	1,082,849	(9,949,289)	(1,137,941)
Period ended 31 December 2020:						
Loss and total comprehensive income for the period	-	-	-	-	(1,031,658)	(1,031,658)
Issue of share capital	11	5	26,385	-	-	26,390
Issue of convertible loan	-	-	150,000	-	-	150,000
Share based payments adjustment	10	-	-	286,563	-	286,563
Balance at 31 December 2020	4,377	7,173,433	727,079	1,369,412	(10,980,947)	(1,706,646)

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

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 The Elms Courtyard, Bromsberrow, Ledbury, Herefordshire, HR8 1RZ.

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.

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 PERIOD ENDED 31 DECEMBER 2020

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	10% 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:

Leasehold improvements	Over the term of the lease
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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

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.

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

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.

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.

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.14 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.15 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.

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.

1.16 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.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.18 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.

1.19 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.

1.20 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.21 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 PERIOD ENDED 31 DECEMBER 2020

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 10 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 period was:

	31 Dec 2020 Number	30 Jun 2020 Number
Total	9	11
	<u> </u>	<u> </u>

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

4 Intangible fixed assets

	Patents £	Development costs £	Total £
Cost			
At 1 July 2020	461,450	4,761,114	5,222,564
Additions	17,061	328,115	345,176
At 31 December 2020	478,511	5,089,229	5,567,740
Amortisation and impairment			
At 1 July 2020	217,829	2,213,439	2,431,268
Amortisation charged for the period	22,487	238,056	260,543
At 31 December 2020	240,316	2,451,495	2,691,811
Carrying amount			
At 31 December 2020	238,195	2,637,734	2,875,929
At 30 June 2020	243,621	2,547,675	2,791,296

5 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 July 2020	24,652	106,617	131,269
Additions	-	4,140	4,140
At 31 December 2020	24,652	110,757	135,409
Depreciation and impairment			
At 1 July 2020	6,163	58,107	64,270
Depreciation charged in the period	2,465	12,838	15,303
At 31 December 2020	8,628	70,945	79,573
Carrying amount			
At 31 December 2020	16,024	39,812	55,836
At 30 June 2020	18,489	48,510	66,999

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

6 Fixed asset investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 July 2020 & 31 December 2020	1
Carrying amount	
At 31 December 2020	1
At 30 June 2020	1

Shares in group undertakings represent the company's 100% interest in the issued share capital of Radio Physics Solutions Inc, a company incorporated in the USA.

7 Debtors

	31 Dec 2020	30 Jun 2020
	£	£
Amounts falling due within one year:		
Trade debtors	32,048	-
Corporation tax recoverable	152,616	89,613
Other debtors	179,900	269,615
	<u>364,564</u>	<u>359,228</u>

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

8 Creditors: amounts falling due within one year

	31 Dec 2020 £	30 Jun 2020 £
Bank loans	3,923	-
Trade creditors	344,290	192,383
Taxation and social security	158,289	119,824
Other creditors	4,454,392	4,351,194
	<u>4,960,894</u>	<u>4,663,401</u>

Included in other creditors are £3,169,280 (30 June 2020 - £3,169,280) convertible redeemable loan notes, of which £2,983,560 (30 June 2020 - £Nil) are secured with a fixed and floating charge over the assets of the company. The remaining loan notes are unsecured.

Also included in other creditors is a \$150,000 (30 June 2020 - \$178,000) unsecured loan.

At the date the financial statements are approved the company remains in dialogue with these parties with regards repayment and conversion terms and as a result the directors remain confident that they retain the ongoing support of the company's shareholders and note holders.

9 Creditors: amounts falling due after more than one year

	Notes	31 Dec 2020 £	30 Jun 2020 £
Bank loans		46,077	-
Convertible loans		454,393	-
		<u>500,470</u>	<u>-</u>

Included in other creditors are £464,393 (30 June 2020 - £Nil) convertible redeemable loan notes notes are unsecured.

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

10 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 2020 were 635, they had an exercise price ranging from £9.49 per share to £21 per share and at 31 December 2020 had an average remaining contractual life of 1 - 2 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	
	31 Dec 2020 Number	30 Jun 2020 Number	31 Dec 2020 £	30 Jun 2020 £
Outstanding at 1 July 2020	144,892	141,084	25.76	25.64
Granted	81,093	3,808	52.26	27.00
Expired	(1,639)	-	33.68	-
	<u>224,346</u>	<u>144,892</u>	<u>35.37</u>	<u>25.76</u>
Outstanding at 31 December 2020	224,346	144,892	35.37	25.76
Exercisable at 31 December 2020	<u>193,404</u>	<u>126,772</u>	<u>34.96</u>	<u>25.76</u>

The options outstanding at 31 December 2020 had an exercise price ranging from £21 to £52, and a remaining contractual life of between 1 and 9 years.

Inputs were as follows:

	31 Dec 2020	30 Jun 2020
Weighted average share price (£)	36.34	27.25
Weighted average exercise price (£)	35.37	25.76
Expected volatility (%)	21.00	50.00
Expected life (years)	5.71	5.52
Risk free rate (%)	0.58	0.90
Expected dividends yields (%)	-	-

During the period, the company recognised expenses of £286,563 (30 June 2020 - £15,729) which related to equity settled share based payment transactions.

RADIO PHYSICS SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

11 Called up share capital

	31 Dec 2020 £	30 Jun 2020 £
Ordinary share capital		
Issued and fully paid		
437,731 (2020: 437,226) Ordinary shares of 1p each	4,377	4,372

During the period, 505 ordinary shares of 1p each were issued for a total consideration of £26,390.

12 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:

	31 Dec 2020 £	30 Jun 2020 £
Total	92,822	105,285

13 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 for the period is £105,000 (year ended 30 June 2020 - £108,750).

14 Control

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.