cellcast

a proven innovator in interactive media

Cellcast plc Annual Report and Accounts

For the year ended 31 December 2014

Contents

Chief Executive's statement

2014 Results

The group's operating revenues from interactive broadcasting activities in the UK amounted to £12.2 million, a decrease of 16% on 2013. The group enjoyed exceptional additional revenue of £3 million as a result of the sale of a long term channel management contract.

Cost of sales went down by 30%, from £15.7 million in 2013 to £10.9 million in 2014, due to the group's successful relocation of its operation to Milton Keynes and the renegotiation of the group's bandwidth costs. The group also benefited from a significant retrospective reduction in bandwidth costs relating to the previous 12 months.

As a result of these costs reductions, but primarily the disposal of a key channel management contract for £3 million (2013: £1 million), the group's gross profit amounted to £4.2 million in 2014 (2013: loss of £0.1 million).

General and administrative costs decreased by 6%, from £838,000 to £789,000. Approximately 50% (2013: 40%) of these costs were personnel costs.

Overseas new business development costs were relatively minimal in 2014, at £42,000 compared to £1,131,000 in the previous year.

Amortisation and depreciation expenses for 2014 were £126,000, 67% less than in 2013, and are predominantly accounted for by the amortisation of the group's capitalised development costs, which at 31 December 2014 had a net book value of £54,000 (2013: - £80,000).

After taking into account the net interest costs, the total profit for 2014 was £2.9 million (2013: loss of £2.5 million). 2014 profit per share was 3.8p (2013: loss per share of 3.3p).

See the Strategic Report on pages 3 and 4 of this report for a more extensive description of the group's operations and technological developments.

Funding and investments

On 30 May 2014, the group entered into a joint venture with the principals of the Atlas Group of Companies, whereby it agreed to invest £1 million for a 49% equity interest in Euro TV SA to focus on the development of a multi-platform gaming business using certain intellectual property and other proprietary rights and technologies. Following a review of strategy it was subsequently decided that resources would be better employed in alternative investment ventures and therefore trading in the joint venture did not commence and was wound up on 6 March 2015 with the investment sum of £1 million being recovered in full by the company.

This investment is further described in note 14 of the consolidated financial statements.

At 31 December 2014, the group had a net cash balance of £598,000 (2013: £404,000).

Post Balance Sheet Event

As highlighted above, on 6 March 2015, the Euro TV joint venture was cancelled by mutual agreement between the group and Atlas Group of Companies.

Half a million pounds of the cash at bank as at 31 December 2014 were ring fenced for a potential investment to acquire a stake in a new venture. The activity of the joint venture will be to explore new overseas opportunities in the gaming and gambling sector.

Outlook

Through 2014 revenues continued to decline as new customer acquisition rates continued to be impacted by the Electronic Programme Guide (EPG) changes on Freeview in 2012. These declines are unlikely to be reversed in current markets so the sustainability of the existing business significantly depends on the group's ability to compensate for any further revenue decline by matched cost savings, or by identification of new revenue streams.

As announced in the course of the year it is the group's intention to look at diversification opportunities into other digital content sectors that leverage its skills and experience in interactive broadcasting and mobile transaction services. Over the past few months the group has been developing partnerships with companies who have experience in the gaming and gambling sector with a view to cross selling products to the group's existing database in the UK and exploring new opportunities in undeveloped international markets. Time to market has been longer than previously anticipated and announced but various applications and services are now in testing with a view to launch in the third quarter of 2015.

Andrew Wilson
Chief Executive Officer
1 June 2015

Strategic report

Review of business

The group's main activity is the production and distribution of participatory television formats across multiple digital platforms in the United Kingdom. Its principal focus continues to be on reaching sustainable profitability in a very challenging domestic market. As described previously the group's strategy for achieving this is to look at new means of increasing yield from our existing customers whilst also looking at reductions in overhead.

Further details on the performance of the group during the year is given in the Chief Executive's Statement.

Operations

To offset the decline in revenue from some of its channels, the group sought new ways of generating revenue from the large customer base it has secured through its broadcast activities, and as a result has seen a growth in revenue from its activities on the internet and mobile internet and other ancillary services. This growth was not sufficient to compensate for the decline in core TV driven revenue.

The group's cost base was significantly improved in July 2014 by negotiated reductions of some of its bandwidth costs. In parallel with these negotiated savings, the group has focused on reducing staffing costs and has implemented the application of new technologies to automate the production process across all channels.

Technology Division

Following the successful relocation to Milton Keynes of the broadcast and production facilities, the technical broadcast team defined the Technical side of the Business Continuity Plan. As part of this, a risk assessment review of the broadcast infrastructure was performed which led to investment in redundant fibre connectivity and equipment in the communication pathways between the broadcast facility and the central uplink hub in London.

The final stage of studio equipment investment was made in the latter half of 2014 where the last remaining cameras were upgraded and existing equipment repurposed for backup and redundancy. A further studio was also deployed in Milton Keynes for ad-hoc use and for the development of potential international projects.

In 2014, we continued on the phased rollout of the MAM (Media Asset Management) system, which allows for the complete cataloguing and digitisation of all media assets across all channels and platforms. This project was completely reviewed in detail again to take into account changes both in the Technology employed and to cater for changes to the core business. We have now streamlined our broadcast systems to directly incorporate our digital assets into playout, improving content delivery and production. Our custom-built on screen graphics solution has been further upgraded to provide optimal performance, integrating with the MAM to provide the latest content for monetisation during broadcast. With broadcast patterns shifting further towards OTT and connected delivery, our systems are now in prime position to take advantage of the technological benefits. As the number of devices consumers use to engage increases, the group has begun to utilise HTML5 across its platforms to allow for cross-compatibility and standardised output.

A key objective defined by the board was to review the financial reporting and analysis tools in order to support the drive to reduce the costs and improve efficiency of the overall business. A new version of the core financial reporting systems was deployed and payroll and staff scheduling systems integrated at a lower level. The data mining systems have been streamlined and consolidated, now incorporating the financial data in addition to user data, to allow cross-analysis and more tailored, detailed and granular reporting.

At the behest of the board, in the second quarter of 2014, the software development refocused its efforts on future strategy projects in the areas of interactive gaming and gambling. The team have since developed new and innovative platforms for mobile applications, OTT and traditional broadcast. The first products that utilise these platforms are set to go live in the third quarter of 2015.

Key Performance Indicators

The directors monitor the performance of the business through various key performance indicators (KPIs), of which the principal ones are revenue by programme, gross profit margins by programme, and overall group profitability at the EBITDA and operating profit level. These KPIs continue to be monitored along with compliance records and monitoring of the group's technology.

Risk Factors

The following are the risk factors which need to be taken into account when assessing the sustainability of the group's current financial performance.

Regulatory risks

The group's activities are governed by relevant Broadcasting and Telecom regulators in each of the segments and markets in which it operates. The sectors the group is involved in are constantly evolving so there remains a risk that regulations may change and that any such changes could impact our current business model.

Commercial risks

-Broadcasting

The current margins enjoyed by the group are significantly dependant on the competitive advantage it has secured through the EPG positions it holds on the platforms on which it operates. In the event of EPG reorganisations the group's competitive advantage may be significantly eroded.

The group's margins are also dependant on the on-going cost of bandwidth. If these were to increase, the group's margins would diminish.

-Telecoms

The group's operations are significantly dependant on premium rate Interactive Voice Response and Short Message Service based income derived from revenue sharing agreements with fixed line and mobile operators and intermediary companies. These agreements are subject to change which, if averse, could erode group margins.

- Overseas Expansion

The group's international business activities come with an additional set of risks from the core UK business, primarily comprising of heightened regulatory and credit risk. In addition there is the challenge of forming the right partnerships abroad to further the interests of the group. These risks continue to be monitored by the Board.

Technology risks

The group continues to invest in maintaining and enhancing its broadcast and telecom infrastructure in order to maintain its competitiveness in the market. Despite that, any catastrophic failure that took excessive time to remedy could impact on-going revenues for a period of time.

Approved by the Board and signed on its behalf by

Andrew Wilson
Chief Executive Officer
1 June 2015

Directors and Advisors

Andrew Wilson
Chief Executive Officer

Andrew Wilson co-founded Cellcast in 2002. With over 20 years' experience in the telecoms and information industries, he enjoys a proven track record of building innovative international businesses in related telecoms, broadcasting and new media sectors. Most recently, he has played a leading industry role in driving the global success of value-added services such as SMS and the monetization of digital content. Before co-founding Cellcast, he served as an executive director of the Tokyo based Jasdaq-listed e-Lux Corporation, and was chief executive officer of the publicly listed Hong Kong company e-New Media. Prior to this he was a director of the international telemedia services provider VISL, and joint managing director of Marketing Solutions, a subsidiary of DDB Needham.

Emmanuelle Guicharnaud
Chief Financial Officer and Company Secretary

Emmanuelle Guicharnaud spent four years as a management consultant for PricewaterhouseCoopers. In 1999 she joined a privately held chain of hotels with the responsibility of evaluating new acquisitions. In 2000 she relocated to the UK and took up a position as the financial controller of m-Quest, a telecoms company providing value added telephony and SMS solutions that was subsequently acquired by Monstermob plc. She joined Cellcast as financial controller in 2002. Emmanuelle holds a DECF (Accountancy and Finance Diploma) from an International Business School (ESC).

Bertrand Folliet
Non-Executive Director

Bertrand Folliet co-founded Cellcast in 2002. He has many years' experience in the telecoms, digital content and multimedia industries, and a successful record of building profitable businesses providing value-added billing and distribution services in the international telecom sector. Before co-founding Cellcast, he served as an executive director of the Tokyo based Jasdaq-listed e-Lux Corporation and was the chief operating officer of e-Lux Corporation's key operating subsidiary in Hong Kong. Prior to this he was president of the publicly listed Hong Kong company e-New Media. He also served as managing director of e-New Media subsidiary New Media Corporation and was director of operations of the company's predecessor, VISL. Before joining VISL, he was senior vice president of Matra-Hachette Multimedia On-line. Bertrand Folliet holds a PhD in Management.

Mike Neville
Non-Executive Chairman

Mike Neville has extensive experience in the capital markets and is a director of a number of public and private companies. His background is in the telecommunications, technology and media arena, where he has worked for the last 20 years specialising in strategy, mergers and acquisitions and turnaround situations. He has worked for companies such as Cable & Wireless and United Utilities, where he has been involved in large and small scale fundraising as well as numerous merger and acquisition transactions in various parts of the world.

Company number

05342662

Registered office

The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Business address

35 Soho Square, London, W1D 3QX

Nominated Adviser and Broker

Allenby Capital Limited, 3 St. Helen's Place, London, EC3A 6AB

Registrars

Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Independent Auditor

Baker Tilly UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB

Bankers

Barclays, United Kingdom House, 180 Oxford Street,
London, W1D 1EA

Solicitors

Memery Crystal LLP, 44 Southampton Buildings,
London, WC2A 1AP

Hansel Hanson Limited, 22 Newman Street,
London, W1T 1PH

Corporate governance

The policy of the Board is to manage the affairs of the company having regard to Quoted Company Alliance. The Director's support the principles underlying these requirements insofar as is appropriate for a group of the size of Cellcast Plc.

The workings of the board and its committees:

The board

The board comprises the non-executive chairman, non-executive director, the chief executive officer, and the chief financial officer.

Concern relating to the executive management of the group may be raised with the independent non-executive directors. The directors' biographies are set out on page 5. These demonstrate a range of experience and sufficient calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct, which is vital to the success of the group. The board is responsible to the shareholders for the proper management of the company. A statement of the directors' responsibilities in respect of the accounts is set out on page 11 and a statement of going concern is given on pages 11 and 20.

All directors have access to the advice and services of the company secretary, who is responsible for ensuring that board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the company secretary is a matter for the board as a whole.

The board meets regularly, reviewing trading performance, ensuring adequate funding, setting and monitoring strategy and examining major acquisitions and opportunities. The independent non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully evaluated. To enable the board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed by the company secretary to all directors in advance of board meetings. The independent non-executive directors ensure that the directors take independent professional advice as required.

The following committees deal with the specific aspects of the group's affairs:

Audit committee

The audit committee is represented by Mike Neville. The committee meets not less than twice annually. The committee provides a forum for reporting by the group's external auditor. Meetings are also attended, by invitation, by the chief executive officer or the chief financial officer. The audit committee is responsible for reviewing a wide range of matters including the half year and annual accounts before their submission to the board and monitoring the controls which are in force to ensure integrity of the information reported to the shareholders. The audit committee advises the board on the appointment of the external auditor and their remuneration both for audit and non-audit work, and discusses the nature, scope and results of the audit with the external auditor. The audit committee keeps under review the cost effectiveness and the independence and objectivity of the external auditor. A formal statement of independence is received from the external auditor each year.

Remuneration committee

The remuneration committee is represented by Mike Neville. The committee is responsible for making recommendations to the board, within agreed terms of reference, on the company's framework of executive directors' remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the executive directors, including share options, pension rights and compensation payments. The board itself determines the remuneration of the non-executive director.

Nomination committee

The nomination committee is represented by Mike Neville. The committee is responsible for proposing candidates for appointment to the board, having regard to the balance and structure of the board. In appropriate cases, recruitment consultants may be used to assist the process.

Relations with shareholders

The board recognises the importance of communications with shareholders. The Chief Executive's Statement and Strategic Report include a detailed review of the business and future developments. There is a regular dialogue with shareholders.

The board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation.

Management structure

The board has overall responsibility for the company. Each director has been given responsibility for specific aspects of the company's affairs. The executive directors meet with senior executives and divisional management regularly, to discuss day-to-day operational matters.

Finance and accounting principles

The directors and senior accounts staff are well aware of the financial and accounting policies and procedures applied throughout the company. The directors seek to comply with best practice when selecting accounting policies and preparing the accounts. The impact of new accounting policies is reviewed when they are introduced and discussed with external financial advisers, if necessary, in order to obtain a fuller understanding.

Quality and integrity of personnel

The integrity and competence of personnel is ensured through high recruitment standards and subsequent training. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the corporate culture.

Identification of business risks

The board is responsible for identifying the major business risks faced by the company and for determining the appropriate course of action to manage those risks.

Budgetary process

Each year the board approves the annual budget. Key areas are identified. Performance is monitored and relevant action is taken throughout the year through the monthly reporting to the board of variances from the budget, together with updated forecasts for the year and information on the key risk areas.

Investment appraisal

Capital expenditure is regulated by a budgetary process and authorisation levels. For expenditure beyond specified levels detailed written proposals have to be submitted to the board. Reviews are carried out after an acquisition is complete, and for some projects, during the acquisition period, expenditure is monitored and major overruns investigated. Due diligence work is carried out if a business is to be acquired.

Internal audit

Given the size of the group, the relative simplicity of the systems and the close involvement of senior management, the board considers that there is no current requirement for an internal audit function. This will be kept under review.

Directors' report for the year ended 31 December 2014

The directors present their report and consolidated financial statements for the year ended 31 December 2014.

Directors

The following directors have held office since 1 January 2014:

Andrew Wilson
Bertrand Folliet
Mike Neville
Emmanuelle Guicharnaud

Principal activities

The principal activity of the group is the production and broadcast of Participation TV formats where revenues are derived from paid audience interaction billed through fixed line or mobile phones.

Results and dividends

The consolidated statement of comprehensive income for the year is set out on page 15. No dividend is proposed (2013: nil).

Group research and development activities

During the year the group concentrated its development activities on programme format and platform development.

Financial instruments

The risk exposure for the group and how the group addresses these issues are dealt with in note 18 of the financial statements.

Political and charitable donations

During the year group made no political or charitable donations (2013: nil).

Substantial shareholdings

The company has been notified of the following substantial interests as at 10 April 2015.

	Shareholding	Ordinary Shares
Atlas Group of Companies Limited	17.17%	13,307,635
Gary Lyons	15.93%	12,350,000
SMS Media Limited (note 1)	15.71%	12,180,062
Harkness Trading Limited (note 2)	8.63%	6,687,500
Guy Thomas	5.69%	4,413,412
Banque Cantonale Vaudoise	3.82%	2,960,000
Heather Lyons	3.00%	2,325,000

Note 1: controlled by Harkness Trading Limited. SMS Media Limited also has a 50.1% holding in Sardik Limited which in turn holds 1,992,662 shares in Cellcast plc.
Note 2: controlled by Andrew Wilson and Bertrand Folliet.

Share capital

Details of share capital are given in note 19 to the financial statements.

Directors' Insurance

Directors' and officers' liability insurance is held by the group.

Credit payment policy

The group's policy is to ensure that suppliers are paid, in the absence of dispute, in line with the terms negotiated with the individual supplier. Trade creditor days based on creditors at 31 December 2014 were 59 days (2013: 83 days).

Post Balance Sheet Event

On 6 March 2015, the Euro TV joint venture was cancelled by mutual agreement between the group and Atlas Group of Companies. The funds invested amounting to £1,000,000, were returned to the group.

Directors' report for the year ended 31 December 2014

Going concern

During the year ended 31 December 2014, the group recorded a profit of £2,938,000. The group had net cash of £598,000 as at 31 December 2014 and it had net current assets of £1,103,000. Subsequent to the year end the joint venture entered into in the year was cancelled resulting in further cash of £1,000,000 being received post year end.

The directors have carefully considered whether or not it is appropriate to adopt the going concern basis in preparing the 2014 financial statements. The directors have reviewed the group's detailed cash forecast to ensure that the group's current working capital and credit facilities in place are sufficient for the foreseeable future. This assessment is based upon forecasts following the reduction in the revenue of the UK television business together with the continued reduction in operational costs implemented over the year; it also assumes the maintenance of existing relationships with key suppliers.

After making enquiries, the Directors have concluded that the group has adequate resources to continue trading for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the group financial statements.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 group and the company and of the profit or loss of the group for that period.

In preparing each of the group and company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU and for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on Cellcast's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to the auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, so far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor will be put to the members at the annual general meeting.

By order of the board

Emmanuelle Guicharnaud
Company Secretary
1 June 2015

Independent auditor's report to the members of Cellcast plc

We have audited the group and parent company financial statements ("the financial statements") on pages 15 to 51. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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. 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 auditor

As more fully explained in the Directors' Responsibilities Statement set out on pages 11 and 12, the directors are 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as a 31 December 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' 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 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.

David Clark (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London, EC4A 4AB
1 June 2015

Consolidated statement of comprehensive income

	Note	For the year ended 31 December 2014 £	2013 £
Revenue			
Interactive broadcast		12,159,775	14,499,328
Channel management		2,980,000	1,045,000
Total revenue	1	15,139,775	15,544,328
Cost of sales		(10,933,554)	(15,680,450)
Gross profit / (loss)		4,206,221	(136,122)
Operating costs and expenses:			
General and administrative		(789,395)	(837,950)
TV exploration in overseas countries, new ventures and one-off regulatory costs	7	(42,252)	(1,131,215)
Exceptional costs	7	(302,109)	-
Amortisation & depreciation		(126,177)	(377,470)
Total operating costs and expenses		(1,259,933)	(2,346,635)
Operating profit / (loss)		2,946,288	(2,482,757)
Interest receivable & similar income	5	-	448
Interest payable and similar charges	6	(8,441)	(8,641)
Profit / (loss) before tax	4	2,937,847	(2,490,950)
Taxation	8	-	-
Profit / (loss) for the year and total comprehensive income attributable to owners of the parent		2,937,847	(2,490,950)
Profit / (loss) per share attributable to owners of the parent Basic & diluted (pence)	9	3.8p	(3.3)p

All revenue derives from continuing operations.

Consolidated statement of financial position

		As at 31 December	
		2014	2013
Assets	Note	£	£
Non-current assets			
Intangible assets	10	215,351	132,298
Property, plant and equipment	11	245,977	284,512
Investments	12	202,627	202,627
		663,955	619,437
Current assets			
Investments	14	1,000,000	-
Trade and other receivables	15	1,473,932	2,072,670
Cash and cash equivalents		597,670	404,153
		3,071,602	2,476,823
Non-current assets classified as held for sale	13	-	170,000
Total assets		3,735,557	3,266,260
Capital and reserves			
Called up share capital	19	2,285,398	2,285,398
Share premium account		5,533,626	5,533,626
Merger reserve		1,300,395	1,300,395
Warrant Reserve		13,702	13,702
Retained earnings		(7,951,477)	(10,889,324)
Equity attributable to owners of the parent		1,181,644	(1,756,203)
Liabilities			
Non-current liabilities	16	585,000	-
Current liabilities			
Trade and other payables	17	1,968,913	5,022,463
Total liabilities		2,553,913	5,022,463
Total equity and liabilities		3,735,557	3,266,260

The financial statements on pages 15-45 were approved and authorised for issue by the board on 1 June 2015.

Signed on its behalf by:

Andrew Wilson
Chief Executive Officer
1 June 2015

Emmanuelle Guicharnaud
Finance Director
1 June 2015

Consolidated statement of changes in equity for the year ended 31 December 2014

	Amounts attributable to the owners of the parent					
	Share Capital	Share Premium	Merger Reserve	Warrant Reserve	Retained Earnings	Total
	£	£	£	£	£	£
Balance at 1 January 2014	2,285,398	5,533,626	1,300,395	13,702	(10,889,324)	(1,756,203)
Profit for the year and total comprehensive income	-	-	-	-	2,937,847	2,937,847
Balance at 31 December 2014	2,285,398	5,533,626	1,300,395	13,702	(7,951,477)	1,181,644

	Amounts attributable to the owners of the parent					
	Share Capital	Share Premium	Merger Reserve	Warrant Reserve	Retained Earnings	Total
	£	£	£	£	£	£
Balance at 1 January 2013	2,285,398	5,533,626	1,300,395	13,702	(8,398,374)	734,747
Loss for the year and total comprehensive income	-	-	-	-	(2,490,950)	(2,490,950)
Balance at 31 December 2013	2,285,398	5,533,626	1,300,395	13,702	(10,889,324)	(1,756,203)

Consolidated statement of cash flows

		For the year ended 31 December	
		2014	2013
		£	£
Net cash inflow from operations	21a	1,242,653	22,133
Interest received		-	448
Net cash inflow from operating activities		1,242,653	22,581
Net cash outflow from investing activities	21b	(1,040,695)	(350,039)
Net cash used in financing activities	21c	(8,441)	(8,641)
Net increase/(decrease) in cash and cash equivalents		193,517	(336,099)
Cash and cash equivalents at beginning of year		404,153	740,252
Cash and cash equivalents at end of year	21d	597,670	404,153

Notes to the consolidated financial statements

Accounting Policies

The consolidated financial statements have been prepared under the historical cost convention in accordance with applicable International Financial Reporting Standards as adopted by the European Union (IFRS). Cellcast plc is an England and Wales incorporated public limited company and is domiciled in the United Kingdom. Cellcast plc shares are publically traded on the AIM market of the London Stock Exchange under the ticker symbol CLTV.

Standards issued but not yet effective

The following standards, amendments and interpretations to existing standards have been published but are not effective and have not been early adopted by the group.

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (01 January 2016)*
IFRS 7	Financial Instruments: Disclosure (01 January 2016)*
IFRS 9	Financial instruments (effective 1 January 2018)*
FRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 1 January 2016)
IFRS 10	Investment Entities: Applying the Consolidation Exception (effective 01 January 2016)
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (effective 1 January 2016)
IFRS 14	Regulatory deferral accounts (effective 1 January 2016)*
IFRS 15	Revenue from Contracts with Customers (01 January 2017)
IAS 1	Disclosure Initiative (01 January 2016)
IAS 16	Clarification of Acceptable Methods of Depreciation and Amortisation (01 January 2016)
IAS 19	Employee Benefits (01 January 2016)*
IAS 27	Equity Method in Separate Financial Statements– Amended (effective 1 January 2016)
IAS 34	Interim Financial Reporting (01 January 2016)

**not yet endorsed by the EU*

It is not anticipated at the present time that the adoption of the above standards, amendments and interpretations of existing standards will have a material impact on the group or company financial statements in the period of initial application.

There were no standards or amendments which were effective in the year which had a significant impact on the group's results for the year.

Going concern

During the year ended 31 December 2014 the group recorded a profit of £2,937,847. The group had net cash of £597,670 as at 31 December 2014 and it had net current assets of £1,102,689. Subsequent to the year end the joint venture entered into in the year was cancelled resulting in further cash of £1,000,000 being received post year end.

The directors have carefully considered whether or not it is appropriate to adopt the going concern basis in preparing the 2014 financial statements. The directors have reviewed the group's detailed cash forecast to ensure that the group's current working capital and credit facilities in place are sufficient for the foreseeable future. This assessment is based upon forecasts following the reduction in the revenue of the UK television business together with the continued reduction in operational costs implemented over the year; it also assumes the maintenance of existing relationships with key suppliers.

After making enquiries, the Directors have concluded that the group has adequate resources to continue trading for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the group financial statements.

Basis of consolidation

Subsidiaries are entities over which the group has the power to govern the financial and operating policies to obtain economic benefit to the group. Subsidiaries are fully consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Prior to the transition date to IFRS, the group performed a group reconstruction under merger accounting resulting in the creation of a merger reserve being retained.

Investments

Investment classified as fair value through profit or loss are measured at fair value with gains and losses being recognised in profit and loss. Investments which are held for the long term and which management do not exercise significant control are carried at cost. An impairment review is carried out annually.

Accounting for joint arrangements

A joint arrangement is a contractual arrangement which gives two or more parties joint control. A joint arrangement is either a joint venture or a joint operation.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The group combines its share of assets, liabilities, revenue and expenses of joint arrangements with its own, after making appropriate adjustments to eliminate transactions between the group and the joint arrangement.

Investments in joint ventures are recognised in the financial statements using the equity method of accounting unless they fall to be classified as held for sale. They are initially carried at cost. The group's share of post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income are recognised directly in other comprehensive income. The carrying value of the investment (including goodwill) is tested for impairment when there is objective evidence of impairment. Losses in excess of the group's interest in those joint ventures are not recognised unless the group has incurred obligations or made payments on behalf of the joint ventures.

Where a group company transacts with a joint venture of the group, unrealised gains are eliminated to the extent of the group's interest in the relevant associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment. Where necessary, adjustments are made to the financial statements of joint ventures to bring the accounting policies used into line with those used by the group.

Intangible assets

1) Research and development
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the group's development process is recognised only if all of the following conditions are met:

- It is probable that the asset created will generate future economic benefits;
- The development cost of the asset can be measured reliably;
- Technical feasibility of completing the intangible asset can be demonstrated;
- There is the ability to use or sell the asset; and
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available.

Development costs meeting these criteria are capitalised and amortised on a straight-line basis over their useful lives of 5 years once the related product is available for use. Development costs are capitalised for the development of new technologies utilised by Cellcast plc in production and broadcasting.

2) Licences

Licences are purchased separately, capitalised at cost and amortised over their useful economic life of 10 years.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Broadcasting equipment	10% to 50% straight line

Leases

Leases that confer rights and obligations similar to those that attach to owned assets are classified as finance leases. Assets held under finance leases are recognised as assets of the group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and presented separately in the Statement of Financial Position from other assets and liability.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset (or disposal group) is available for immediate sale in its present condition and management is committed to the sale and expect the asset (or disposal group) to qualify for recognition as a completed sale within one year from the date of classification.

Financial Instruments

Financial assets and financial liabilities are recognised when the group has become a party to the contractual provisions of the instrument.

Financial assets

Cash and cash equivalents

For the purpose of preparation of the cash flow statement, cash and cash equivalents includes cash at bank and in hand, and short term deposits with an original maturity period of three months or less, and the bank overdraft.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently at amortised cost less an allowance for any uncollectible amounts. Allowance is made when collection of the full amount is no longer probable. Bad debts are written off when identified. The group's trade and other receivables are non-interest bearing.

Financial liabilities

Warrants

The warrants issued by the company are recorded at fair value on initial recognition net of transaction costs.

Trade payables

Trade payables and other short term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each balance sheet date, the group reviews the carrying amounts of its property, plant and equipment 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 the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for their asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Share based payments

The group issues equity-settled share-based payment transactions to certain employees. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group’s estimate of shares that will eventually vest. Fair value is measured by use of a binominal model. The expected life used in the model has been adjusted, based on management’s best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Pension Costs

Payments of defined benefit contributions pension schemes are charged as an expense to profit or loss as they fall due.

Foreign currencies

Transactions in currencies other than the functional currency of entities of the group, are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the period, except for exchange differences on non-monetary assets and liabilities, which are recognised in other comprehensive income, where the changes in fair value are recognised directly in other comprehensive income.

The most important currency for the group is £ Sterling, the group's functional currency. The relevant exchange rates for the foreign currencies to sterling were:

Currency	31 December 2014	31 December 2013
Euro	1.2409	1.1982
Dollar (USD)	1.6480	1.6519

Revenue recognition

Revenue represents the amounts receivable in relation to broadcast related income and other exploitation through rent, or sale, of rights associated with the ownership of television channels.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is recognised on the date of the transaction taking place.

Accounting estimates and judgements

The directors consider the critical accounting estimates and judgments used in the financial statements and concluded that the main areas of judgments are:

- Going concern; (See page 20)
- Realisable amounts of investments and held for sale assets. Management have considered the recoverable amount in relation to all investments in relation to expected future cash flows and consider the assets to be held at realisable amounts.

These estimates are based on historical experience and various other assumptions that management and the board of directors believe are reasonable under the circumstances and are discussed in more detail in their respective notes. The group also makes estimates and judgments concerning the future and the resulting estimate may, by definition, vary from the related actual results.

Notes to the consolidated financial statements

1) Segmental reporting

The group's revenues are almost entirely in the UK from broadcasting related activities on Sky, Freeview and Freesat channels.

The financial information is presented to the executive management team who are responsible for making financial decisions, as one operating unit which operates in one geographical unit. The executive management team make their decisions based upon this information. The executive management team comprises the chief executive officer and the chief financial officer.

The group has three significant telecom aggregators, generating 67% of the group's television and broadcast revenue. The three telecom aggregators contribute £6,080,318, £1,300,595, and £709,734 of the group's total revenue (2013: 70% representing £5,923,117, £3,544,962, and £1,362,728).

Revenue is further split below between revenue generated by:

	2014	2013
	£	£
Interactive broadcasting	12,159,775	14,499,228
Channel management	2,980,000	1,045,000
Total	15,139,775	15,544,228

In the year to 31 December 2014 there was the disposal of a key channel management contract for £2.98 million. The prior year's income was in relation to the management of this channel.

2) Staff costs

	2014	2013
	£	£
Wages and salaries (including directors)	1,010,300	1,168,103
Social security costs	207,447	246,654
Other pension costs	70,990	80,990
Total	1,288,737	1,495,748

Staff costs of £325,769 (2013: £406,857) are included in general and administrative expenses and £962,968 (2013: £1,088,891) are included in cost of sales.

Average monthly number of employees by activity (including directors)	2014	2013
Production	10	12
Technical	8	13
Management	4	4
Administration	3	4
Total	25	33

	2014	2013
Key management	£	£
Salaries and other short-term employee benefits	352,359	326,856
Post employment benefits	70,000	80,000
Total	422,359	406,856

Key management consists of the CEO, the CFO and one other member of staff who is considered key management.

3) Directors' emoluments

2014	Salary & Fees	Pension Contribution	Sub total	Social security costs	Total
	£	£	£	£	£
Andrew Wilson	102,000	48,000	150,000	19,124	169,124
Emmanuelle Guicharnaud	100,000	22,000	122,000	18,729	140,729
Bertrand Folliet	60,000	-	60,000	-	60,000
Michael Neville	36,000	-	36,000	-	36,000
Total	298,000	70,000	368,000	37,853	405,853

2013	Salary & Fees	Pension	Sub total	Social security costs	Total
	£	£	£	£	£
Andrew Wilson	93,000	55,000	148,000	16,937	164,937
Emmanuelle Guicharnaud	97,000	25,000	122,000	17,464	139,464
Bertrand Folliet	60,000	-	60,000	-	60,000
Michael Neville	36,000	-	36,000	-	36,000
Total	286,000	80,000	366,000	34,401	400,401

See Note 20 for details of share options granted to the directors.

4) Profit / (loss) before tax

Profit / (loss) before tax is stated after charging:	2014 £	2013 £
Depreciation – owned assets	79,230	66,954
Licences amortisation	21,468	45,226
Amortisation of development costs	25,479	265,290
Auditor’s remuneration – statutory audit of parent and consolidated accounts	27,000	27,000
Other services supplied pursuant to such legislation: Interim review	5,000	5,000

5) Interest receivable and similar income

	2014	2013
	£	£
Bank interest received	-	448

6) Interest payable and similar charges

	2014	2013
	£	£
Bank charges and interest paid	8,441	8,641

7) TV exploration in overseas countries and exceptional items

Expenditure of £42,252 (2013: £1,131,215) was incurred in exploring an overseas opportunity in South America. This venture was not successful and therefore this amount has been shown as an exceptional item. Legal action is being pursued to recover this amount but no amount has been recognised as at 31 December 2014.

In 2014 exceptional costs of £302,109 were incurred being one-off legal fees related to the channel management agreement.

During the year ended 31 December 2014 management renegotiated the group's position with a number of suppliers in the light of the decline in revenues. This resulted in a reduction of the on-going trading cost base of the group and a renegotiation of trade creditor and payments terms, creating a credit in the year to £1.349 million which has been recognised within cost of sales.

Notes to the consolidated financial statements

8) Taxation

	2014	2013
	£	£
Current tax charge	-	-

	2014	2013
Factors affecting the tax charge for the year	£	£
Profit / (loss) on ordinary activities before taxation	2,937,847	(2,490,950)
Group profit / (loss) on ordinary activities before taxation multiplied by the effective standard rate of UK corporation tax of 21.5% (2013: 23.25%)	631,637	(579,146)
Effects of:		
Non deductible expenses	69,241	79,795
(Utilisation of) / carried forward losses	(700,878)	499,351
Tax charge	-	-

At 31 December 2014, the group had estimated tax trading losses of £2.5 million (2013: £6.0 million) which subject to the agreement of the HM Revenue & Customs and overseas tax authorities, are available to carry forward against future profits of the same trade. No deferred tax asset has been recognised on these losses as timings of future profits are uncertain.

9) Profit / (loss) per share

The calculations of adjusted basic and diluted losses per ordinary share are based on the following results:

	2014	2013
	£	£
Profit / (loss) for the financial year	2,937,847	(2,490,950)
Weighted average number of ordinary shares	76,471,557	76,471,557
Basic and diluted loss per share (pence)	3.8p	(3.3)p

There was no dilutive effect from the issued share options and warrants. The total potential number of dilutive ordinary shares at the year end was 12,783,699 (2013: 12,783,699).

10) Intangible assets

	Licences	Development Costs	Total
	£	£	£
Cost			
At 1 January 2013	651,761	2,673,714	3,325,475
Additions	-	19,002	19,002
At 31 December 2013	651,761	2,692,716	3,344,477
Transfer from assets held for sale (note 13)	130,000	-	130,000
At 31 December 2014	781,761	2,692,716	3,474,477
Amortisation			
At 1 January 2013	554,312	2,347,351	2,901,663
Charge for the year	45,226	265,290	310,516
At 31 December 2013	599,538	2,612,641	3,212,179
Charge for the year	21,468	25,479	46,947
At 31 December 2014	621,006	2,638,120	3,259,126
Net book value at 31 December 2014	160,755	54,596	215,351
Net book value at 31 December 2013	52,223	80,075	132,298
Net book value at 1 January 2013	97,449	326,363	423,812

Notes to the consolidated financial statements

11) Property, plant & equipment

	Broadcasting equipment £
Cost	
At 1 January 2013	1,720,447
Additions	178,746
At 31 December 2013	1,899,193
Additions	40,695
At 31 December 2014	1,939,888
Depreciation	
At 1 January 2013	1,547,727
Charge for the year	66,954
At 31 December 2013	1,614,681
Charge for the year	79,230
At 31 December 2014	1,693,911
Net book value at 31 December 2014	245,977
Net book value at 31 December 2013	284,512
Net book value at 1 January 2013	172,720

12) Non-current investments

At 31 December 2014 Cellcast plc owned 100% of the issued share capital in Cellcast UK Limited, a company incorporated in the UK whose principal business was television and broadcasting. At 31 December 2014, Cellcast UK owned the following other interests:

Company	Country of incorporation	Class	Shares and voting rights held %	Type of holding	Principal business
Cellcast TV SA	Argentina	Ordinary	51%	Subsidiary	Dormant
Cellcast International Limited	United Kingdom	Ordinary	100%	Subsidiary	Dormant
Sumo TV Limited	United Kingdom	Ordinary	100%	Subsidiary	Dormant

The group has an 18% holding in Cellcast Middle East Limited, a company incorporated in Lebanon. While its principal activities remains in television and broadcasting it continues to be loss making and the results have not been included as the group has no further funding commitment.

At 31 December 2014, the group still had a 35% holding in 2Giraffes LLP. 2Giraffes LLP is a large global provider of mobile internet content. This holding is treated as an investment as the group does not have any significant influence on the operations of 2Giraffes LLP.

	2014	2013
	£	£
Brought forward	202,627	-
Additions	-	202,627
At 31 December	202,627	202,627

Notes to the consolidated financial statements

13) Non-current assets held for sale

As at 31 December 2013, £170,000 of intangible assets had been classified as non-current assets held for sale as management were committed to a plan to sell them at the reporting date and they were being actively marketed at a price which was considered to be reasonable.

In August 2014, the group started operating on this channel and consequently it was reclassified as an Intangible Assets at a value of £130,000 as management have decided to use the asset for the foreseeable future. The asset has been impaired to its recoverable value.

	2014	2013
	£	£
Asset held for sale brought forward	170,000	-
Classified as non-current asset held for sale	-	170,000
Impairment	(40,000)	-
Reclassified as intangible asset	(130,000)	-
At 31 December	-	170,000

14) Current asset investments

On 30 May 2014, the group entered into a joint venture to invest in Euro TV SA, a company incorporated in the British Virgin Islands. Under the joint venture, the group invested £1 million for a 49% equity interest in Euro TV SA which is a joint venture between Cellcast UK Limited and the owners of the remaining 51%, being the principles of the Atlas Group of Companies, to focus on the development of a multi-platform gaming business using certain intellectual property and other proprietary rights and technologies. Following a review of strategy it was subsequently decided that resources would be better employed in alternative investment ventures and therefore the joint venture did not commence trading and was wound up on 6 March 2015 with the investment sum of £1 million being recovered in full by the company.

The investment is classified as current as there was an expectation at the balance sheet date, although not formally confirmed, that the joint venture would be cancelled post year end (See note 23).

Company	Country of incorporation	Class	Shares and voting rights held %	Type of holding	Principal business
Euro TV SA	British Virgin Islands	Ordinary	49%	Joint venture	Development of multigame platforming

	2014	2013
	£	£
Brought forward	-	-
Additions	1,000,000	-
At 31 December	1,000,000	-

15) Trade and other receivables

	2014	2013
	£	£
Trade receivables	405,386	456,982
Other receivables	142,338	174,826
Prepayments and accrued income	926,208	1,440,862
Total	1,473,932	2,072,670

Notes to the consolidated financial statements

16) Non-current liabilities

	2014	2013
	£	£
Trade payables	585,000	-
Total	585,000	-

Non-current trade payables fall due in equal instalments over 6 years to October 2020.

17) Trade and other payables

	2014	2013
	£	£
Trade payables	834,476	3,744,070
Other taxes & social security	403,125	258,152
Other payables	326,810	326,810
Accruals	404,502	693,431
Total	1,968,913	5,022,463
Credit payment profile in days	59 days	83 days

The credit payment profile in days excludes the long term trade payables days which is contractually due over one year as including this long term element would skewer the trade payable days.

18) Financial risk management

The group's financial instruments as at 31 December 2014 and 2013 mainly comprise cash, and various items arising directly from its operations, such as trade receivables and trade payables. The main purpose of these financial instruments is to provide working capital for the group. The group's policy is to obtain the highest rate of return on its cash balances, subject to having sufficient resources to manage the business on a day to day basis and not exposing the group to unnecessary risk of default.

(a) Risk management policies

The group's finance function is responsible for procuring the group's capital resources and maintaining an efficient capital structure, together with managing the group's liquidity, foreign exchange and interest exposures.

All treasury operations are conducted within strict policies and guidelines that have been approved by the directors.

(b) Financial assets and liabilities

Financial assets and liabilities analysed by the categories were as follows:

	Currency	Loans and receivables	Other financial liabilities at amortised cost	Total carrying value
As at 31 December 2014		£'000	£'000	£'000
Financial assets				
Trade receivables and accrued income	Sterling	1,146	-	1,146
Other receivables	Sterling	142	-	142
Cash balances	Sterling	598	-	598
Financial liabilities				
Trade payables	Sterling	-	(834)	(834)
Other payables	Sterling	-	(327)	(327)
Accruals	Sterling	-	(405)	(405)
Other payables > 1 year	Sterling	-	(585)	(585)
Total		1,886	(2,151)	(265)

Notes to the consolidated financial statements

	Currency	Loans and receivables	Other financial liabilities at amortised cost	Total carrying value
As at 31 December 2013		£'000	£'000	£'000
Financial assets				
Trade receivables and accrued income	Sterling	1,505	-	1,505
Other receivables	Sterling	175	-	175
Cash balances	Sterling	300	-	300
	Dollar	104	-	104
Financial liabilities				
Trade payables	Sterling	-	(3,744)	(3,744)
Other payables	Sterling	-	(326)	(326)
Accruals	Sterling	-	(693)	(693)
Total		2,084	(4,763)	(2,679)

The carrying value of all financial instruments is not materially different from their fair value. It is, and has been throughout the year, the group's policy that no principal trading in financial instruments shall be undertaken.

Cash and cash equivalents attract floating interest rates. Accordingly, their carrying amounts are considered to approximate to fair value.

(c) Credit risk

Credit risk is the risk that the counterparty will default on its contractual obligations resulting in financial loss to the group.

Maximum credit risk at 31 December was as follows:	2014 £'000	2013 £'000
Trade receivables and accrued income	1,146	1,505
Other receivables	142	175
Cash and cash equivalent	598	404
Total	1,886	2,084

Before accepting a new customer, the group assesses both the potential customer's credit quality and risk. Customer contracts are drafted to reduce any potential credit risk to the group. Where appropriate the customer's recent financial statements are reviewed.

Trade receivables are regularly reviewed for impairment loss. £75, 000 has been written off during 2014 (2013: nil). There are no provisions for trade receivables at 31 December 2014 or 2013.

There were also amounts within other debtors written off in the year. These amounts related to £104,000 (2013: nil).

Ageing of the trade receivables and accrued income is as follows:	2014 £'000	2013 £'000
Current	970	1,144
Up to 3 months	247	227
Up to 6 months	115	27
Up to 9 months	-	107
Total	1,332	1,505

The total of the trade receivables which were past due at 31 December 2014 but not impaired was £138,620 (2013: £134,000). Of £1,332,000 of the trade receivables and accrued income at the year end,£1,193,380 was collected by 30 April 2015. The directors are confident as to the recoverability of the remaining balance and thus no impairment of the amount has been recognised in the financial statements at 31 December 2014.

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

	2014	2013
Contractual cash flows relating to the group's financial liabilities are as follows:	£'000	£'000
Trade payables (<6months)	(834)	(3,744)
Other payables (<6months)	(327)	(326)
Accruals (<6months)	(405)	(693)
Greater than 6 months	(585)	-
Cash flows on financial liabilities	(2,151)	(4,763)

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates.

The only interest bearing loan is in Other Payables and amounts to £300,000 (2013: £300,000). The interest rate is 3% above LIBOR. Therefore the impact of a 1% interest rate increase would represent an annual sum of £3,000 (2013: £3,000).

(f) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises on financial assets and liabilities and investments in associates that are denominated in a currency other than the functional currency of the entity by which they are held. In 2013, the currency risk of the group relates to the cash balances it holds in USD. In 2014, the group has no significant exposure to foreign currencies.

	31 December 2014	31 December 2013
	£'000	£'000
10% increase USD foreign exchange rate against pound sterling	-	10
10% decrease USD foreign exchange rate against pound sterling	-	(10)

Capital management

The group's main objective when managing capital is to protect returns to shareholders by ensuring the group will continue to trade for the foreseeable future.

The group considers its capital to include share capital, share premium, retained earnings, and other equity reserves.

	31 December 2014	31 December 2013
	£'000	£'000
Net cash	(598)	(404)
Total equity	1,182	(1,756)

The group has an overdraft facility with Barclays of up to £150,000 and is repayable on demand.

19) Share capital & reserves

	2014		2013	
Authorised	£	No of shares	£	No of shares
Ordinary shares of 1p each	1,489,736	148,973,552	1,489,736	148,973,552
Deferred Shares of 2p each	1,510,264	75,513,224	1,510,264	75,513,224
Total	3,000,000	224,486,776	3,000,000	224,486,776

Issued				
Ordinary shares of 1p each	775,134	77,513,224	775,134	77,513,224
Deferred Shares of 2p each	1,510,264	75,513,224	1,510,264	75,513,224
Total	2,285,398	153,026,448	2,285,398	153,026,448

The deferred shares of 2p have no voting right, no rights to dividends and negligible rights on return of capital. They are not listed on any stock exchange.

The share options and warrants granted over the shares of the company are set out in note 20.

The nature and the purpose of each reserve in equity is described as follows:

Share premium account

The share premium account represents the premium paid on issue of ordinary shares in excess of their nominal value.

Merger reserve

The merger reserve arises as a result of a group reorganisation where the company acquired Cellcast UK Limited which was accounted for in accordance with merger accounting principles.

Warrant reserve

Warrants represent subscription rights for ordinary shares in Cellcast plc and the warrant reserve represents the fair value of the warrants at the date of issue.

20) Share options

The group operates two different share option schemes, an Enterprise Management Incentive (EMI) share option plan and a General share option plan which are available to be granted to directors, staff, consultants and independent contractors as part of their remuneration package and they act as an incentive to assist with the future performance of the group. The group has also issued warrants to consultants, independent contractors and financiers as part of their remuneration packages.

During the year ended 31 December 2014 the company had share-based payment arrangements, all of which have vested, and expire 10 years after grant as follows:

EMI share option plan

Date of grant	10/10/05	15/05/06	10/10/06	08/11/07	25/07/08	27/10/10
Number granted	1,142,238	70,000	775,000	884,510	1,200,000	1,000,000

General share option plan

Date of grant	15/09/05	04/04/06	15/05/06	10/10/06	08/11/07	25/07/08	27/10/10
Number granted	535,206	17,391	110,000	325,000	1,600,000	1,800,000	900,000

Options are forfeited if the employee leaves the group before the option vest.

Share warrant scheme

Date of grant	19/11/09
Number granted	3,000,000
Contractual life	5 years
Performance vesting conditions	None

All the warrants are exercisable.

Notes to the consolidated financial statements

Further details of share options and warrants in issue during the year are as follows:

Share options	2014 Number of options	2014 Weighted average exercise price	2013 Number of options	2013 Weighted average exercise price
Outstanding at 1 January	4,530,492	0.07	7,698,869	0.07
Forfeited during the year	(100,000)	-	(3,168,377)	-
Outstanding at 31 December	4,430,492	0.07	4,530,492	0.07

The share options outstanding at the end of the year have an exercise price of between £0.03 and £0.8625, with a weighted average remaining contractual life of 2.53 years (2013: 3.53 years).

The following EMI options, save those granted to Mike Neville and Bertrand Folliet which are Unapproved Options, over the Ordinary shares of 1 pence each have been granted to the directors:

	Option price £	Number granted	Date of grant
Andrew Wilson	0.710	56,338	15/09/05
	0.040	450,000	27/10/10
Betrand Pierre Folliet	0.715	56,338	15/09/05
	0.040	450,000	27/10/10
Emmanuelle Guicharnaud	0.710	98,591	15/09/05
	0.030	400,000	24/07/08
	0.040	50,000	27/10/10
Mike Neville	0.715	7,042	15/09/05
	0.685	40,000	15/05/06
	0.030	400,000	24/07/08
	0.040	50,000	27/10/10

There have been no changes in the number of options held by the directors since they were granted.

21) Cash flows

	2014	2013
	£	£

a) Reconciliation of net loss before tax to net cash outflow from operating activities

	2014 £	2013 £
Profit / (loss) before tax	2,937,847	(2,490,950)
Interest receivable and similar income	-	(448)
Interest payable and similar charges	8,441	8,641
Amortisation and depreciation	126,177	377,470
Impairment of assets held for sale	40,000	-
Decrease in trade and other receivables	598,738	986,516
(Decrease) / increase in trade and other payables	(2,468,550)	1,140,904
Net cash outflow from operating activities	1,242,653	22,133

b) Cash flow from investing activities

	2014 £	2013 £
Proceeds on sale of assets held for sale	-	123,200
Purchase of property, plant and equipment	(40,695)	(178,746)
Purchase of assets held for sale	-	(72,864)
Purchase of intangible assets	-	(19,002)
Purchase of investments	(1,000,000)	(202,627)
Net cash outflow from investing activities	(1,040,695)	(350,039)

c) Cash flow from financing activities

	2014 £	2013 £
Interest paid	(8,441)	(8,641)
Net cash used in financing activities	(8,441)	(8,641)

d) Cash and cash equivalents

	2014 £	2013 £
Cash at bank	597,670	404,153
Cash and cash equivalents at the end of the year	597,670	404,153

Notes to the consolidated financial statements

22) Related party transactions

In 2014 sales to SMS Media Limited amounted to £nil (2013: £1,396) and management charges totalled £168,640 (2013: £176,850). At the year end £70,000 (2013: £18,000) was owed to SMS Media Limited, which has common directors and beneficial shareholders in Bertrand Folliet and Andrew Wilson.

During 2013 and 2014 and as at 31 December 2013 and 2014, the investment in 2Giraffes LLP and one intangible asset (£130,000) (2013: asset held for sale) were held by companies controlled by the directors, Andrew Wilson and Bertrand Folliet, for the benefit of Cellcast plc.

In addition, transactions of £42,000, in relation to overseas exploration, were paid through a company controlled by Bertrand Folliet, a director. There were no balances owed at 31 December 2014 (2013: £Nil).

23) Events after the reporting period

On 30 May 2014, the group entered into a joint venture with the principals of the Atlas Group of Companies, whereby Cellcast agreed to invest £1 million for a 49% equity interest in Euro TV SA.

On 6 March 2015, the joint venture was cancelled by mutual agreement. The funds were returned to the group.

Half a million pounds of the cash at bank as at 31 December 2014 were ring fenced for a potential investment to acquire a stake in a new venture. The activity of the joint venture will be to explore new overseas opportunities in the gaming and gambling sector.

Company balance sheet

Company Number: 05342662

	Note	As at 31 December 2014	2013
		£	£
Fixed assets			
Investments in subsidiary	24	1,211,281	1,211,281
Current assets			
Debtors – amounts falling due after more than one year	25	2,949,078	2,949,078
Net assets		4,160,359	4,160,359
Capital and reserves			
Called up share capital	26	2,285,398	2,285,398
Share premium account	27	5,533,626	5,533,626
Warrant reserve	27	13,702	13,702
Profit and loss account	27	(3,672,367)	(3,672,367)
Shareholders' funds	28	4,160,359	4,160,359

The financial statements on pages 47 - 51 were approved and authorised for issue by the board on 1 June 2015.

Signed of behalf by:

Andrew Wilson
Chief Executive Officer
1 June 2015

Emmanuelle Guicharnaud
Finance Director
1 June 2015

Notes to the consolidated financial statements

Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

No income statement is presented for Cellcast plc as provided by section 408 of the Companies Act 2006. The details of the result for the year are given in note 27.

No cash flow statement has been prepared as the FRS1 exemption has been taken.

Revenue

Revenue represents amounts receivable for services net of VAT.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that resulted in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Share-based payments

The parent company operates executive and employee share schemes. For all grants of share options, the fair value as at the date of grant is calculated using an option pricing model and the corresponding expense is recognized over the vesting period. The expense is recognized as a staff cost and the associated credit entry is made in equity.

Warrants

The warrants issued by the company are recorded at fair value on initial recognition net of transaction costs.

Financial instruments

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.

Notes to the company financial statement

24) Investments

Investments in subsidiary	£
At 1 January and 31 December 2014	1,211,281

The investment relates entirely to the 100% holding of Cellcast UK Limited a company incorporated in England and Wales and whose principal activity is television and broadcasting. Full details of Cellcast UK Limited subsidiaries are given in note 12. The company has taken the exemption under section 479 of the Companies Act 2006 not to produce audited accounts. The parent company is guaranteeing the year end debts of the subsidiary company.

25) Debtors

	2014	2013
Amounts falling due after more than one year:	£	£
Amounts owed by group undertaking	2,949,078	2,949,078

Following a review of the amounts due by the group undertaking, the directors have considered the projected performance of Cellcast UK Limited and are confident that the amounts will be recovered. The directors deemed that it is appropriate to classify the amounts due after more than one year as this reflects the timescale on which recovery is expected to occur.

26) Share capital

	2014		2013	
Authorised	£	No shares	£	No shares
Ordinary shares of 1p each	1,489,736	148,973,552	1,489,736	148,973,552
Deferred shares of 2p each	1,510,264	75,513,224	1,510,264	75,513,224
Total	3,000,000	224,486,776	3,000,000	224,486,776

Issued				
Ordinary shares of 1p each	775,134	77,513,224	775,134	77,513,224
Deferred shares of 2p each	1,510,264	75,513,224	1,510,264	75,513,224
Total	2,285,398	153,026,448	2,285,398	153,026,448

The deferred shares of 2p have no voting right, no rights to dividends and negligible rights on return of capital. They are not listed on any stock exchange.

The share options and warrants granted over the shares of the company are set out in note 20.

Notes to the Company financial statement

27) Reserves

	Share Premium	Warrants	Profit and Loss account	Total
	£	£	£	£
Balance at 1 January and 31 December 2014	5,533,626	13,702	(3,672,367)	1,874,961

28) Statement of movement in equity shareholders' funds

	2014	2013
	£	£
Opening equity shareholders' funds	4,160,359	4,160,359
Closing equity shareholders' funds	4,160,359	4,160,359

29) Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the ground that consolidated financial statements are prepared by the ultimate parent company.

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