CELLCAST PLC ANNUAL REPORT AND ACCOUNTS

For the year ended 31 December 2015

ANNUAL REPORT | 2015

Company number: 05342662

cellcast
a proven innovator in interactive media

cellcast

CONTENTS

1 CHIEF EXECUTIVE'S STATEMENT

2015 Results

The group's operating revenues from interactive broadcasting activities in the UK amounted to £11.8 million, a decrease of 3% on 2014 (£12.2m).

Cost of sales went down by 3%, from £10.9 million in 2014 to £10.6 million in 2015.

The group's gross profit amounted to £1.2 million in 2015 compared to £4.2 million in 2014. The 2014 profits were exceptionally impacted by the receipt of £2.9 million from the disposal of a key channel management contract.

General and administrative costs decreased by 16%, from £789,000 to £660,000. Approximately 52% of these costs were personnel costs (2014: 50%).

Amortisation and depreciation expenses for 2015 were £153,000 a £27,000 increase on those of in 2014 (£126,000). The increase is primarily due to investment in new broadcast equipment.

After taking into account the net interest, share of associate results and the R&D tax credit, the total profit for 2015 was £530,000 (2014: profit of £2.9 million). 2015 earnings per share was 0.7p (2014: earnings per share of 3.8p).

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

At 31 December 2015, the group had a net cash balance of £839,000 (2014: £598,000).

Outlook

The core UK interactive TV business remains challenging. The continuing decline in revenue has been less sharp than in previous years as it was partially offset mid-year by a key competitor's cessation of broadcasting. But the initial uplift in revenue this drove in August and September did not prove durable into the last quarter.

At the same time, as previously announced, the group has been looking at redeploying its established skills in mobile, broadcasting and new media to address new market sectors that can provide alternate sources of revenue. Management has been especially focused on various opportunities in Africa driven primarily by the new potential for billing for interactive services offered by mobile money which is getting widespread adoption across the continent. The first of these potential opportunities was realised in an agreement to provide applications and services to a gaming operator in Kenya. Revenue is derived from a license fee levied on a per transaction basis. The local partner's marketing activity commenced in November 2015 and their initial contract runs until June 2016. Although the agreement did not contribute any significant revenue during 2015, after recovery of set up costs we expect this venture to be making a positive contribution within the initial contract term. If the contract is renewed this new activity should provide some offset to the decline of the core UK business both through a new income stream and also through absorption of some existing overhead.

Andrew Wilson

Chief Executive Officer

24 May 2016

3 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, whilst also looking for new sources of revenue from other sectors in which the group could redeploy its existing expertise and technical resources. Further details on the performance of the group during the year is given in the Chief Executive’s statement.

Technology Division

The group continued to invest in upgrading the broadcast facility in Milton Keynes, in line with the platforms introduced in 2015 to achieve an integrated broadcast to online delivery infrastructure.

The group continues to work with the latest technology. It believes that combining the best technology with our in-depth industry knowledge is what makes it unique. During 2015, the group upgraded many components of its platforms, including the core network and the peripheral systems. In 2015, the group replaced the server hardware in its broadcast centre and data centres with more efficient and cost effective equipmemt that will run all the broadcast engines.

During 2015, the group embarked on the development of its cloud strategy which has resulted in some major advancements. Firstly, in the area of hosting and deployment, it migrated all its web servers and media servers to the cloud. This allows for automatic scaling and enterprise-class services that provide unmatched versatility for designing and supporting streaming video businesses on PCs, mobile devices, and TVs. Secondly, the group pushed into Data Analysis where we have been able to use the elasticity of Microsoft’s cloud services to give unprecedented levels of current and historical analysis. Finally, the group has aligned all product development to the cloud, concentrating on mobile applications supported by cloud architecture. The primary development forks are in relation to media tracking and analysis, gaming systems and social marketing tools.

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 the compliance record with broadcasting regulations 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 electronic programme guide ("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
24 May 2016

5 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

RSM 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

Hansel Hanson Limited

22 Newman Street, London, W1T 1PH

7 CORPORATE GOVERNANCE

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

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 12 and a statement of going concern is given on pages 11 and 22.

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 2015

The directors present their report and consolidated financial statements for the year ended 31 December 2015.

Directors

The following directors have held office since 1 January 2015:

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 (2014: 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 (2014: nil).

Substantial shareholdings

The company has been notified of the following substantial interests as at 27 April 2016.

	Shareholding %	Ordinary Shares of 3p each
Atlas Group of Companies Limited	17.19%	13,323,135
Gary Lyons	15.97%	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
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 2015 were 52 days (2014: 59 days).

DIRECTORS' REPORT

For the year ended 31 December 2015

Going concern

During the year ended 31 December 2015, the group recorded a profit of £530,000. The group had net cash of £839,000 as at 31 December 2015 and it had net current assets of £1,736,000.

The directors have carefully considered whether or not it is appropriate to adopt the going concern basis in preparing the 2015 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 International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial 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. state whether they have been prepared in accordance with IFRSs adopted by the EU;

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 the Cellcast plc 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 RSM UK Audit LLP (formerly 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
24 May 2016

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 47. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 page 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 http://www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 December 2015 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 financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; 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; oraccounting records and returns; 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.

GRAHAM RICKETTS (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor
Chartered Accountants
25 Farringdon Street
London, EC4A 4AB

24 May 2016

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 £	2014 £
Revenue			
Interactive broadcast		11,840,875	12,159,775
Channel management		-	2,980,000
Total revenue	1	11,840,875	15,139,775
Cost of sales		(10,606,279)	(10,933,554)
Gross profit / (loss)		1,234,596	4,206,221
Operating costs and expenses:			
General and administrative		(660,203)	(789,395)
TV exploration in overseas countries, new ventures		-	(42,252)
Exceptional costs	4	-	(302,109)
Amortisation and depreciation		(152,702)	(126,177)
Total operating costs and expenses		(812,905)	(1,259,933)
Operating profit / (loss)		421,691	2,946,288
Interest receivable and similar income	5	28,880	-
Interest payable and similar charges	6	(6,268)	(8,441)
Share of results in associate	14	7,135	-
Profit before tax	4	451,438	2,937,847
Taxation - R&D tax credit	7	78,384	-
Profit for the year and total comprehensive income attributable to owners of the parent		529,822	2,937,847
Earnings per share attributable to owners of the parent Basic & diluted (pence)	8	0.7p	3.8p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

Assets	Note	2015 £	2014 £
Non-current assets			
Intangible assets	9	154,912	215,351
Property, plant and equipment	10	209,373	245,977
Investments	11	88,813	202,627
Investments in associate	14	7,139	-
Total		460,237	663,955
Current assets			
Investments	13	205,335	1,000,000
Trade and other receivables	15	2,301,178	1,473,932
Cash and cash equivalents		839,276	597,670
		3,345,789	3,071,602
Total assets		3,806,026	3,735,557
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		(7,421,655)	(7,951,477)
Equity attributable to owners of the parent		1,711,466	1,181,644
Liabilities			
Non-current liabilities	16	485,000	585,000
Current liabilities			
Trade and other payables	17	1,609,560	1,968,913
Total liabilities		2,094,560	2,553,913
Total equity and liabilities		3,806,026	3,735,557

The financial statements on pages 15-47 were approved and authorised for issue by the board on 24 May 2016.

Signed on its behalf by:

Andrew Wilson
Chief Executive Officer
24 May 2016

Emmanuelle Guicharnaud
Finance Director
24 May 2016

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

Company number: 05342662

		2015	2014
Assets	Note	£	£
Non-current assets			
Investments in subsidiary	12	1,211,281	1,211,218
Current assets			
Trade and other receivables - amounts falling due after more than one year	15	2,949,078	2,949,078
Total assets		4,160,359	4,160,359
Capital and reserves			
Called up share capital	19	2,285,398	2,285,398
Share premium account		5,533,626	5,533,626
Warrant Reserve		13,702	13,702
Retained earnings		(3,672,367)	(3,672,367)
Equity attributable to the owners		4,160,359	4,160,359

The financial statements on pages 15-47 were approved and authorised for issue by the board on 24 May 2016.

Signed on its behalf by:

Andrew Wilson
Chief Executive Officer
24 May 2016

Emmanuelle Guicharnaud
Finance Director
24 May 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

	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 and total comprehensive income for the year	-	-	-	-	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
Profit and total comprehensive income for the year	-	-	-	-	529,822	529,822
Balance at 31 December 2015	2,285,398	5,533,626	1,300,395	13,702	(7,421,655)	1,711,466

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

	Amounts attributable to owners				
	Share Capital	Share Premium	Warrant Reserve	Retained Earnings	Total
	£	£	£	£	£
Balance at 1 January 2014 and 2015	2,285,398	5,533,626	13,702	(3,672,367)	4,160,359
Profit and total comprehensive income for the year	-	-	-	-	-
Balance at 31 December 2014 and 2015	2,285,398	5,533,626	13,702	(3,672,367)	4,160,359

Cellcast plc has not presented its own income statement as permitted by Section 408 of the Companies Act 2006.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

		2015	2014
		£	£
Net cash (outflow) / inflow from operations	22a	(556,463)	1,242,653
Net cash inflow / (outflow) from investing activities	22b	804,337	(1,040,695)
Net cash used in financing activities	22c	(6,268)	(8,441)
Net increase in cash and cash equivalents		241,606	193,517
Cash and cash equivalents at beginning of year		597,670	404,153
Cash and cash equivalents at end of year	22d	839,276	597,670

No separate company statement of cash flows is presented as the company holds no cash at 31 December 2015 (2014: £Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting Policies

The consolidated and company financial statements have been prepared under the historical cost convention in accordance with applicable International Financial Reporting Standards ("IFRS") as adopted by the European Union. 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.

IFRS Transition

In 2015 the Company financial statements have been prepared in accordance with applicable International Financial Reporting Standards ("IFRS") as adopted by the European Union. The previous 2014 company financial statements were prepared in accordance with applicable accounting standards in the United Kingdom.

As required by IAS 1 – Presentation of Financial Statements, the impact of the transition from UK GAAP to IFRS is required to be disclosed. The accounting policies below have been applied consistently to all periods presented in this financial information and in preparing opening IFRS balance sheet at 1 January 2014 for the purposes of the transition to IFRS. No transition adjustments have arisen in either period and thus no reconciliation between IFRS and UK GAAP is presented in these financial statements.

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 7	Financial Instruments: Disclosure (01 January 2016)*
IFRS 9	Financial instruments (effective 1 January 2018)*
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (effective 1 January 2016)
IFRS 15	Revenue from Contracts with Customers (01 January 2018)*
IFRS 16	Leases (01 January 2019)*
IAS 1	Disclosure Initiative (01 January 2016)
IAS 7	Disclosure Initiative (01 January 2017)*
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (01 January 2017)*
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (01 January 2016)
IAS 27	Equity Method in Separate Financial Statements– Amended (effective 1 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 became 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 2015, the group recorded a profit of £530,000. The group had net cash of £839,000 as at 31 December 2015 and it had net current assets of £1,736,000.

The directors have carefully considered whether or not it is appropriate to adopt the going concern basis in preparing the 2015 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 statement.

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

Investments in subsidiaries (parent company only)

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

Other 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.

Investments in associates

An associate is an entity over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

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.

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.

Current asset investments

Current asset investments are initially recognised at cost and subsequently at fair value through profit and loss. Gains or losses arising from changes in the fair value are presented in the income statement within interest income in the period in which they arise.

Financial liabilities

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 reporting 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 reporting 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.

Shared 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.

Warrants

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

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 reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting 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 2015	31 December 2014
Euro	1.3570	1.2409
Dollar (USD)	1.4802	1.6480

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 22)
- Realisable amounts of investments. Management have considered the recoverable amount of all investments based on 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 the relevant notes. The group also makes estimates and judgments concerning the future and the resulting estimate may, by definition, vary from the related actual results.

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 70% of the group's television and broadcast revenue. The three telecom aggregators contribute £5,947,946, £1,358,999, and £928,746 of the group's total revenue (2014: 67% representing £6,080,318, £1,300,595, and £709,734).

Revenue is further split below between revenue generated by:

	2015	2014
	£	£
Interactive broadcasting	11,840,875	12,159,775
Channel sales	-	2,980,000
Total	11,840,875	15,139,775

In the year to 31 December 2014 there was a sale of a channel for £2.98m.

2) Staff costs

	2015	2014
	£	£
Wages and salaries (including directors)	910,592	1,010,300
Social security costs	179,086	207,447
Other pension costs	106,990	70,990
Total	1,196,668	1,288,737

Staff costs of £343,334 (2014: £325,769) are included in general and administrative expenses and £853,334 (2014: £962,968) are included in cost of sales.

Average monthly number of employees by activity (including directors):

	2015	2014
Production	11	10
Technical	8	8
Management	4	4
Administration	2	3
Total	25	25

Key management compensation:

	2015	2014
	£	£
Salaries and other short-term employee benefits	316,446	352,359
Post employment benefits	106,000	70,000
Total	422,446	422,359

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

3) Directors' emoluments

2015	Salary & Fees	Pension Contribution	Sub total	Social security costs	Total
	£	£	£	£	£
Andrew Wilson	86,000	67,000	153,000	16,246	169,246
Emmanuelle Guicharnaud	86,000	38,000	124,000	16,154	140,154
Bertrand Folliet	60,000	-	60,000	-	60,000
Michael Neville	36,000	-	36,000	-	36,000
Total	268,000	105,000	373,000	32,400	405,400

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

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

4) Profit before tax

	2015	2014
Profit before tax is stated after charging/(crediting):	£	£
Depreciation – owned assets	92,263	79,230
Licences amortisation	34,082	21,468
Amortisation of development costs	26,357	25,479
Auditor's remuneration – statutory audit of parent and consolidated accounts	32,000	32,000
Foreign exchange (gain)/loss	(11,455)	19,733

Exceptional costs of £302,109 were incurred in 2014 (2015: £Nil) in relation to one off legal costs related to the channel management agreement.

5) Interest receivable and similar income

	2015	2014
	£	£
Returns on current asset investment	28,880	-

6) Interest payable and similar charges

	2015	2014
	£	£
Bank charges and interest paid	6,268	8,441

7) Taxation

	2015	2014
	£	£
Current tax credit	(78,384)	-

	2015	2014
Factors affecting the tax charge for the year	£	£
Profit on ordinary activities before taxation	451,438	2,937,847
Group profit / (loss) on ordinary activities before taxation multiplied by the effective standard rate of UK corporation tax of 20.25% (2014: 21.5%)	91,416	631,637
Effects of:		
Non-deductible expenses	38,718	69,241
Carried forward losses not recognised	(124,358)	(700,878)
R&D tax credit	(84,160)	-
Total	(78,384)	-

At 31 December 2015, the group had estimated tax trading losses of £2 million (2014: £2.5 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.

8) Earnings per share

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

	2015	2014
	£	£
Profit for the financial year	529,822	2,937,847
Weighted average number of ordinary shares	77,513,224	77,513,224
Basic and diluted loss per share (pence)	0.7p	3.8p

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 (2014: 12,783,699).

9) Intangible assets

	Licences	Development Costs	Total
	£	£	£
Cost			
At 1 January 2014	651,761	2,692,716	3,344,477
Transfer from assets held for sale	130,000	-	130,000
At 31 December 2014	781,761	2,692,716	3,474,477
Additions	-	-	-
At 31 December 2015	781,761	2,692,716	3,474,477
Amortisation			
At 1 January 2014	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
Charge for the year	34,082	26,357	60,439
At 31 December 2015	655,088	2,664,477	3,319,565
Net book value at 31 December 2015	126,673	28,239	154,912
Net book value at 31 December 2014	160,755	54,596	215,351
Net book value at 1 January 2014	52,223	80,075	132,298

10) Property, plant and equipment

	Broadcasting equipment
	£
Cost	
At 1 January 2014	1,899,193
Additions	40,695
At 31 December 2014	1,939,888
Additions	55,659
At 31 December 2015	1,995,547
Depreciation	
At 1 January 2014	1,614,681
Charge for the year	79,230
At 31 December 2014	1,693,911
Charge for the year	92,263
At 31 December 2015	1,786,174
Net book value at 31 December 2015	209,373
Net book value at 31 December 2014	245,977
Net book value at 1 January 2014	284,512

11) Non-current investments - Group

At 31 December 2015, the group 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. The group received £25,000 in February 2015 from 2Giraffes LLP but nevertheless deemed it more prudent to further reduce the net book value of this investment by impairing 50% of the remaining carrying value due to the uncertainty surrounding the timing of future repayments.

	2015	2014
	£	£
Brought forward	202,627	202,627
Received from 2Giraffes LLP	(25,000)	-
Impairment of investment (included in general & administrative costs)	(88,814)	-
At 31 December	88,813	202,627

12) Non-current investments - Company

At 1 January and 31 December 2015	£
Total	1,211,281

At 31 December 2015 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 2015, 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

Cellcast UK Limited 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.

13) Current asset investments

Investment in joint venture

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 commewnce trading and was wound up on 6 March 2015 with the investment sum of £1million being recovered in full by the company.

	2015	2014
	£	£
Brought forward	1,000,000	-
Additions	-	1,000,000
Disposals	(1,000,000)	-
At 31 December	-	1,000,000

Financial asset

In May 2015, the group decided to invest US$ 260,000 (£165,000) in a treasury product managed by the Lexinta Fund. This investment was classified in current assets as the capital and interests generated can only be withdrawn on a yearly basis at the anniversary date of the investment.

	2015	2014
	£	£
Brought forward	-	-
Investment in fund	165,000	-
Fair value gain	28,880	-
Foreign exchange gain (included in General and administrative costs)	11,455	-
At 31 December	205,335	-

14) Associate

On 26 November 2015 the group acquired 49% of the issued share capital of Global Gaming Limited for a total cost of £4. The directors have assessed that the group has significant influence, but not control over Global Gaming Limited and have accounted for the investment as an associate.

Company	Country of incorporation	Class	Shares and voting rights held %	Type of holding	Principal business
Global Gaming Limited	China	Ordinary	49%	Associate	Development of multigame platforming

	2015	2014
	£	£
Brought forward	-	-
Additions	4	-
Share of associate result	7,135	-
At 31 December	7,139	-

As at 31 December 2015, the amount due from associate stood at £594,900, this is shown in note 15. The group has got full confidence regarding the full recovery of this amount.

15) Trade and other receivables

	2015	2014
Group	£	£
Trade receivables	566,239	405,386
Other receivables	466,125	142,338
Prepayments and accrued income	673,914	926,208
Amount due from associate	594,900	-
Total	2,301,178	1,473,932

Company	2015 £	2014 £
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.

16) Non-current liabilities

	2015 £	2014 £
Trade payables	485,000	585,000
Total	485,000	585,000

Non-current trade payables fall due in instalments over 5 years to October 2020.

17) Trade and other payables

	2015 £	2014 £
Trade payables	501,444	834,476
Other taxes & social security	320,061	403,125
Corporation tax	5,776	-
Other payables	300,000	326,810
Accruals	482,279	404,502
Total	1,609,560	1,968,913
Credit payment profile in days	52 days	59 days

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

18) Financial risk management

The group's financial instruments as at 31 December 2015 and 2014 mainly comprise cash and current asset investments, 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 and current asset investments, 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 2015		£'000	£'000	£'000
Financial assets				
Trade receivables and accrued income	Sterling	1,082	-	1,082
Other receivables	Sterling	466	-	466
Amounts due from associate	Sterling	595	-	595
Cash balances and treasury	Sterling	839	-	839
Financial liabilities				
Trade payables	Sterling	-	(501)	(501)
Other payables	Sterling	-	(300)	(300)
Accruals	Sterling	-	(482)	(482)
Other payables > 1 year	Sterling	-	(485)	(485)
Total		3,187	(1,768)	1,419

In addition to the previous table, the group holds financial assets at fair value through profit and loss of £205,000 (2014: £Nil). This relates to the groups Lexinta treasury fund disclosed as a current asset investment.

The fair value has been determined based upon the closing value of the fund at 31 December 2015 including profits attributable to Cellcast plc less administration costs incurred during the year. This represents a level 2 valuation in the IFRS 13 hierarchy whereby inputs other than quoted prices that are observable for the asset are used.

	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)

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 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.

	2015	2014
Maximum credit risk at 31 December was as follows:	£'000	£'000
Trade receivables and accrued income	1,082	1,146
Other receivables	466	142
Amounts due from associate	595	-
Cash and cash equivalents	839	598
Total	2,982	1,886

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. The group wrote off £100,000 of accrued income during 2015 (2014: £75,000). There are no provisions for trade receivables at 31 December 2015 or 2014.

There were also amounts within other debtors written off in the year. These amounts related to £21,000 (2014: £104,000).

	2015	2014
Ageing of the trade receivables and accrued income is as follows:	£'000	£'000
Current	923	970
Up to 3 months	133	247
Up to 6 months	26	115
Over 6 months	-	-
Total	1,082	1,332

The total of the trade receivables which were past due at 31 December 2015 but not impaired was £147,740 (2014: £138,620). Of £1,082,000 of the trade receivables and accrued income at the year end, £934,000 was collected by 30 April 2016. 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 2015.

(d) Liquidity risk

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

	2015	2014
Contractual cash flows relating to the group's financial liabilities are as follows:	£'000	£'000
Trade payables (<6months)	(501)	(834)
Other payables (<6months)	(300)	(327)
Accruals (<6months)	(482)	(405)
Greater than 6 months	(485)	(585)
Cash flows on financial liabilities	(1,768)	(2,151)

(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 (2014: £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 (2014: £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 2015, the currency risk of the group relates to the cash balances it holds in USD in the Lexinta treasury fund. The table below illustrates the impact of a change in exchange rates on results and reserves:

	31 December 2015	31 December 2014
	£'000	£'000
10% increase USD foreign exchange rate against pound sterling	15	-
10% decrease USD foreign exchange rate against pound sterling	(15)	-

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 2015	31 December 2014
	£'000	£'000
Net cash	839	598
Total equity	1,717	1,182

The group has an undrawn overdraft facility with Barclays of up to £150,000.

19) Share capital & reserves

Group and Company

	2015		2014	
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. Options 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 2015 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	10/10/06	08/11/07	25/07/10	27/10/10
Number granted	232,392	375,000	584,510	1,200,000	900,000

General share option plan

Date of grant	15/09/05	15/05/06	25/07/10	27/10/10
Number granted	77,464	40,000	400,000	600,000

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.

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

Share options	2015 Number of options	2015 Weighted average exercise price	2014 Number of options	2014 Weighted average exercise price
Outstanding at 1 January	4,430,492	0.07	4,430,492	0.07
Forfeited during the year	(21,126)	-	-	-
Outstanding at 31 December	4,409,366	0.07	4,430,492	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 1.53 years (2014: 2.53 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	10/10/05
	0.030	400,000	25/07/10
	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	25/07/10
	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) Related party transactions

SMS Media Limited

In 2015 management charges totalled £166,752 (2014: £168,640). At the year end £14,000 (2014: £70,000) was owed to SMS Media Limited, which has common directors and beneficial shareholders in Bertrand Folliet and Andrew Wilson.

2Giraffes LLP

During 2014 and 2015 and as at 31 December 2014 and 2015, the investment in 2Giraffes LLP were held by a company controlled by the directors, Andrew Wilson and Bertrand Folliet, for the benefit of Cellcast plc. During 2015, £25,000 was received from 2Giraffes LLP (2014: £Nil).

Global Gaming Limited

During 2015 the company advanced £594,900 (2014: £Nil) to Global Gaming Limited, at 31 December 2015 £594,900 (2014: £Nil) remained outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22) Cash flows

	2015	2014
	£	£
a) Reconciliation of net loss before tax to net cash outflow from operating activities		
Profit before tax	451,438	2,937,847
Interest receivable and similar income	(28,880)	-
Interest payable and similar charges	6,268	8,441
Amortisation and depreciation	152,702	126,177
Impairment of assets held for sale	-	40,000
Impairment of non-current asset investments	88,814	-
Share of associate's profit	(7,135)	-
R&D tax credit received	78,384	-
Foreign currency gain on current asset investment	(11,455)	-
(Increase) / decrease in trade and other receivables	(827,246)	598,738
Decrease in trade and other payables	(459,353)	(2,468,550)
Net cash (outflow) / inflow from operating activities	(556,463)	1,242,653
b) Cash flow from investing activities		
Purchase of property, plant and equipment	(55,659)	(40,695)
Purchase of investment in joint venture and associate	(4)	(1,000,000)
Refund of joint venture	1,000,000	-
Investment in treasury fund	(165,000)	-
Proceeds received from non-current investment	25,000	-
Net cash outflow / (inflow) from investing activities	804,337	(1,040,695)
c) Cash flow from financing activities		
Interest paid	(6,268)	(8,441)
Net cash used in financing activities	(6,268)	(8,441)
d) Cash and cash equivalents		
Cash at bank	839,276	597,670
Cash and cash equivalents at the end of the year	839,276	597,670

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