

Company Registration No. 06690180 (England and Wales)

LIGHTWAVERF LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

LIGHTWAVERF LTD

COMPANY INFORMATION

Directors	Mr K J Edwards Mr J G Elliott Mr S A Harris Mr M R Lord Mr J T Shermer
Secretary	Mr K J Edwards
Company number	06690180
Registered office	The Assay Office 1 Moreton Street Birmingham B1 3AX
Auditor	BK Plus Audit Limited Azzurri House Walsall Road Aldridge Walsall England WS9 0RB

LIGHTWAVERF LTD

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LIGHTWAVERF LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Introduction and business review

LightwaveRF LTD is an investment company, our primary investment being LightwaveRF Technology Limited. Our primary subsidiary, LightwaveRF Technology Limited, made a solid start to FY 2022 with good performance in the first quarter.

As a backdrop, in the last two years the company has battled against covid, and its after effects mainly associated with the Global chip shortage. The company has reengineered all its products to accept new chips variants which are more readily available. This has absorbed both company financial resources and time. The main consequence of the global chip shortage has been the inability of the company to launch its intended new, range completing products in 2021. The business has now completely reengineered all its existing product range and will in 2022 finally launch the intended new products that we believe will make a significant impact in the market.

During 2021 and based on the new product firmware engineered during lockdown, the company launched Lightwave PLUS which is a membership service giving our customers access to enhanced benefits, features and functionality. This subscription service will help Lightwave to constantly improve the services given to our customers through software features and by using the data from our devices to provide insights to help customers manage their daily energy usage and their impact on the environment. This has aligned extremely well in terms of go to market strategy, with direct sales and relationships with consumers never better. As previously reported, our decision to exit premium retail which was extremely costly and limited our ability to flex market pricing has now paid off.

In 2022, the Company will seek to raise funds to continue to scale the business, expand sales and marketing, and provide working capital. The Board believes additional funds will accelerate the Company into becoming a significant, profitable Smart Home device and technology player with leading technology, IP and patents. It will also help build the LightwaveRF brand.

LIGHTWAVERF LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

The company is exposed to a variety of risks in the conduct of normal business operations. Whilst it is not possible to either completely record or to quantify every material risk, our aim is to continually improve the management of risks and reduce them to acceptable levels. The company continues to develop and maintain management systems to enable the identification, assessment and management of risks and make decisions based on a comprehensive view of the reward-to-risk balance.

The level of risk control is balanced by the continued encouragement of enterprise and innovation.

Those risks that the Directors believe are most significant to the company's business and could have a material impact on future performance, causing it to differ materially from expected or historic achieved results, are related to its 100% owned subsidiary, LightwaveRF Technology Limited:

Competition

There are a number of companies that operate in the Company's market which are in direct competition with the Company. Competitors may have greater research, development, marketing, financial and personnel resources than the Company. Competitors may develop a technology that is more effective or economically viable than those developed by the Company. This could have a negative impact on the Company's results or operations and/or financial condition.

Disruption to the supply chain

The Company's products are currently manufactured in Asia, mainland Europe and the UK. Disruption or loss of manufacturing or transport capacity may affect the Company's ability to source its products in a timely fashion or at the same prices. The Global chip supply presents some difficulties in sourcing key components and the costs associated with these components is subject to major fluctuations.

Currency risk

The Company reports its results in sterling, whilst some of its costs and revenues will be denominated in currencies outside of its reporting currency. Adverse movements in exchange rates may result in additions to the Company's reported costs or reductions in the Company's reported revenues.

Loss of key personnel

The Company's performance is dependent upon the continued services and the performance of the executive Directors and other key personnel. The loss of the services of any of the executive Directors or key personnel could have a material adverse effect upon the Company's future.

Data protection issues

Failure to comply with data protection legislation may leave it open to criminal and civil sanctions. In addition, unauthorised access to the Company's customer data could lead to reputational damage and loss of customer confidence, which could therefore impair the volume of sales achieved by the Company.

Technological change

In order to compete effectively, the Company must keep up with rapid technological changes and changes in its customers' requirements and preferences. The technology industry is characterised by rapid changes and evolving industry standards. Customers constantly demand more sophisticated products and services and customer preferences change rapidly. To remain competitive, the Company must continue to innovate, further enhancing and improving the responsiveness, functionality, accessibility and other features of its products. The success of the Company depends on its ability to anticipate and respond to technological changes and customer preferences in a timely and cost-effective manner. The Directors believe that the Company is well placed to respond to these challenges, however, there can be no assurance that the Company will be able to anticipate effectively and respond to technological changes and customer preferences in the future. Failure to do so could have a material adverse effect on the Company's business and operating results.

LIGHTWAVERF LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

General economic conditions

The Company could be affected by unforeseen events outside its control, including natural disasters, terrorist attacks and political unrest and/or government legislation or policy in the UK and abroad. General economic conditions may affect interest rates and inflation rates. Movements in these rates will have an impact on the Company's cost of raising and maintaining debt financing. Similarly, general economic conditions will impact on the Company's customers, impacting on the Company's ability to win new business and the potential recoverability of amounts owed.

A more prolonged economic downturn may lead to an overall decline in the volume of the Company's revenues, restricting the Company's ability to realise a profit. The markets in which the Company offers its products and services are directly affected by many national and international factors that are beyond the Company's control.

Key performance indicators

The company monitors the following key indicators to measure the performance of the business in terms of progress against key strategic objectives:

	31 December 2021	31 December 2020
Loss for the financial period	(105,628)	(201,401)
Cash available for investment	5	762,279

On behalf of the board

.....
Mr K J Edwards
Director

Date:

LIGHTWAVERF LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of a holding company for its trading subsidiaries.

Results and dividends

The results for the year are set out on page 6.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr K J Edwards
Mr J G Elliott
Mr S A Harris
Mr M R Lord
Mr J T Shermer

Auditor

BK Plus Audit Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

LIGHTWAVERF LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

.....

Mr K J Edwards

Director

Date:

LIGHTWAVERF LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LIGHTWAVERF LTD

Opinion

We have audited the financial statements of Lightwaverf Ltd (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 19 of the financial statements, which indicates that the company incurred a net loss of £105,628 during the year ended 31 December 2021. Despite net assets as at the same date, the company and its subsidiaries do not have confirmed funding commitments in place from the shareholders, that they will provide further funding that is required in order to meet the company and its subsidiary's working capital requirements for a period of at least 12 months. The directors have received a non-binding intention to support the company's future financial commitments from the company's major shareholder, Committed Capital Limited, as disclosed in note 1.2.

As stated in note 19, these events and conditions, along with other matters set out in note 19, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

LIGHTWAVERF LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LIGHTWAVERF LTD

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

LIGHTWAVERF LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LIGHTWAVERF LTD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

From the preliminary of the audit, we ensure our understanding of the entity is up to date. This includes, but is not limited to, current knowledge of their activities, the business and control environments, and their compliance with the applicable legal and regulatory frameworks. This information supports our risk identification and the subsequent design of audit procedures to mitigate those risks; ensuring that the audit evidence obtained is sufficient and appropriate to support our opinion.

In response to the risks identified, specific to this entity, we designed procedures which included, but were not limited to:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance, if available;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale for significant transactions outside the normal course of business.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Christopher Hession C.A. (Senior Statutory Auditor)
For and on behalf of BK Plus Audit Limited

Date:

Statutory Auditor

Azzurri House
Walsall Road
Aldridge
Walsall
England
WS9 0RB

LIGHTWAVERF LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	502,074	548,986
Administrative expenses		(515,852)	(1,790,966)
		<hr/>	<hr/>
Operating loss	5	(13,778)	(1,241,980)
Interest receivable and similar income	8	-	1,054,841
Interest payable and similar expenses	9	(91,850)	(14,262)
		<hr/>	<hr/>
Loss before taxation		(105,628)	(201,401)
Tax on loss	10	-	-
		<hr/>	<hr/>
Loss for the financial year		(105,628)	(201,401)
		<hr/> <hr/>	<hr/> <hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

LIGHTWAVERF LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Loss for the year	(105,628)	(201,401)
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	(105,628)	(201,401)
	<hr/> <hr/>	<hr/> <hr/>

LIGHTWAVERF LTD

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	11		100,620		100,620
Current assets					
Debtors	13	8,237,499		6,645,653	
Cash at bank and in hand		5		762,279	
		<u>8,237,504</u>		<u>7,407,932</u>	
Creditors: amounts falling due within one year	14	<u>(11,155)</u>		<u>(65,297)</u>	
Net current assets			<u>8,226,349</u>		<u>7,342,635</u>
Total assets less current liabilities			<u>8,326,969</u>		<u>7,443,255</u>
Creditors: amounts falling due after more than one year	15		<u>(1,281,433)</u>		<u>(1,189,584)</u>
Net assets			<u><u>7,045,536</u></u>		<u><u>6,253,671</u></u>
Capital and reserves					
Called up share capital	17		7,540,392		6,642,899
Share premium account			9,689,284		9,689,284
Other reserves			81,295		81,295
Profit and loss reserves			<u>(10,265,435)</u>		<u>(10,159,807)</u>
Total equity			<u><u>7,045,536</u></u>		<u><u>6,253,671</u></u>

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

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

.....
Mr K J Edwards
Director

.....
Mr J G Elliott
Director

Company Registration No. 06690180

LIGHTWAVERF LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 October 2019		6,040,941	9,720,540	81,295	(9,958,406)	5,884,370
Year ended 31 December 2020:						
Loss and total comprehensive income for the year		-	-	-	(201,401)	(201,401)
Issue of share capital	17	601,958	-	-	-	601,958
Other movements		-	(31,256)	-	-	(31,256)
Balance at 31 December 2020		6,642,899	9,689,284	81,295	(10,159,807)	6,253,671
Year ended 31 December 2021:						
Loss and total comprehensive income for the year		-	-	-	(105,628)	(105,628)
Issue of share capital	17	897,493	-	-	-	897,493
Balance at 31 December 2021		7,540,392	9,689,284	81,295	(10,265,435)	7,045,536

LIGHTWAVERF LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Lightwaverf Ltd is a private company limited by shares incorporated in England and Wales. The registered office is The Assay Office, 1 Moreton Street, Birmingham, B1 3AX.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern.

This is on the basis that the company made a loss of £105,628 for the financial year ended 31 December 2021 (2020: Loss of £201,401). The company has net assets of £7,045,536 for the financial year ended 31 December 2021 (2020: £6,253,671). However, this is underpinned by loans to subsidiaries totalling £19,495,596. Despite acknowledging that the trading subsidiary is undergoing a period of heavy investment, its own losses and net liabilities bring into question the recoverability of this loan.

Whilst, as stated above, The Board remains confident regarding future trading and that the company and the wider group will be successful in raising further funding to support its strategy, there is no legally binding commitment from the major shareholders. This, along with the inherent risk of significant disruption to supply chains caused by COVID-19, indicate that a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

The financial statements have been prepared on a going concern basis and do not reflect the adjustments that would be necessary should the company be unable to continue as a going concern.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

LIGHTWAVERF LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Fixed asset investments

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

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

1.5 Cash and cash equivalents

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

1.6 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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

LIGHTWAVERF LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Employee benefits

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business	502,074	548,986

LIGHTWAVERF LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue (Continued)

	2021 £	2020 £
Turnover analysed by geographical market		
	502,074	548,986

	2021 £	2020 £
Other significant revenue		
Interest income	-	1,054,841

4 Exceptional item

	2021 £	2020 £
Expenditure		
Exceptional item	-	1,162,044

5 Operating loss

	2021 £	2020 £
Operating loss for the year is stated after (crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	-	(36,754)

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
	5	5

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	361,250	486,337
Social security costs	68,986	62,011
	430,236	548,348

LIGHTWAVERF LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	361,250	486,337

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest receivable from group companies	-	1,054,841

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	1,054,841
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9 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	91,850	14,262

10 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Loss before taxation	(105,628)	(201,401)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(20,069)	(38,266)
Unutilised tax losses carried forward	20,069	38,266
Taxation charge for the year	-	-

11 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	12	100,620	100,620

LIGHTWAVERF LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Lightwave RF Technology Limited	UK	Ordinary	100.00
Lightwave Plus Limited	UK	Ordinary	100.00
Lightwave Pro Limited	UK	Ordinary	100.00

13 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Other debtors	9,203	-
Prepayments and accrued income	-	2,754
	<u>9,203</u>	<u>2,754</u>

	2021 £	2020 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	8,228,296	6,642,899
	<u>8,228,296</u>	<u>6,642,899</u>
Total debtors	<u>8,237,499</u>	<u>6,645,653</u>

14 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	11,155	54,071
Taxation and social security	-	5,290
Other creditors	-	5,936
	<u>11,155</u>	<u>65,297</u>

15 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	16	1,281,433	1,189,584
		<u>1,281,433</u>	<u>1,189,584</u>

LIGHTWAVERF LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

16 Loans and overdrafts

	2021 £	2020 £
Bank loans	1,281,433	1,189,584
Payable after one year	1,281,433	1,189,584

In October 2011, the company entered into a redeemable convertible loan note with a supplier, at a coupon interest rate of 3% which may be redeemed at any time. The loan note holder may opt to convert the outstanding balance on the convertible loan into ordinary shares of the company. At 31 December 2021, the supplier has confirmed that it has no intention to convert the loan note. During the period, the company repaid £0 (2020 £0). The agreement is denominated in US \$, during the period interest of £11,850 was charged to the loan.

On 22 December 2020 the company received £800,000 through the Future Fund. Interest is payable at 10% per annum and has a maturity period of 36 months in which the debt can be converted into equity. The loan is unsecured. During the period, interest of £80,000 was charged to the loan.

17 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid of 5p each	150,807,836	132,857,976	7,540,392	6,642,899

18 Post reporting date events

Further share capital consisting of 406,285 ordinary shares (£20,314.25) was issued on 25 January 2022.

19 Financial dependency

The company is a loss making entity and is reliant on the continued support of the shareholders, which is detailed in the going concern note.

LIGHTWAVERF LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

20 Disclosure under section 444(5B) of the companies act 2006

The report of the auditors was unqualified

Material uncertainty related to going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern.

This is on the basis that the company made a loss of £105,628 for the financial year ended 31 December 2021 (2020: Loss of £201,401). The company has net assets of £7,045,536 for the financial year ended 31 December 2021 (2020: £6,253,671). However, this is underpinned by loans to subsidiaries totalling £19,495,596. Despite acknowledging that the trading subsidiary is undergoing a period of heavy investment, its own losses and net liabilities bring into question the recoverability of this loan.

Whilst, as stated above, The Board remains confident regarding future trading and that the company and the wider group will be successful in raising further funding to support its strategy, there is no legally binding commitment from the major shareholders. This, along with the inherent risk of significant disruption to supply chains caused by COVID-19, indicate that a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The financial statements have been prepared on a going concern basis and do not reflect the adjustments that would be necessary should the company be unable to continue as a going concern.